FINANCIAL TIMES



Emu and budgets How to kill a good idea Europa, Page 18

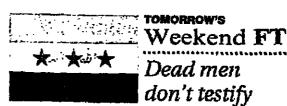


Berlin Freespending



Family planning Issues of

succession Management, Page 16



FRIDAY JANUARY 12 1996

BP to cut refining by 30% and take \$1.1bn charge

World Business Newspaper

British Petroleum plans to sell two refineries and close another as part of changes that will reduce its worldwide refining capacity by 30 per cent. To cover the costs of selling the refineries at Lima in the US state of Ohio and at Lavera, France, and of closing part of the Nerefco refinery in the Netherlands, BP will take a \$1.1bn charge in the fourth quarter of 1995. Page 21; Lex, Page 20; An exercise in self-help, Page 19

Italian government quits: Prime minister Lamberto Dini's government resigned, launching Italy into a new period of political uncertainty.

Thatcher snubs UK premier: Former British prime minister Baroness Thatcher snubbed a call by her successor John Major for unity among the the ruling Conservative party to which they both belong, Page 20

Mahathir urgos Malaysian export drive Malaysia's deepening bal-



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ance of payments deficit prompted prime minister Mahathir Mohamad to call yesterday for a fresh export drive. Low growth could make developing countries aid-dependent and prey to social insta-bility, he told a Kuala Lumpur conference. Instead companies would

be encouraged to tap foreign markets in an export drive aimed at maximising the benefit from economies of scale. Page 20

Lonrho plans mining demerger: UK-based mining and trading group Lourho is considering plans to split off its mining interests into a new quoted company valued at more than £1bn (\$1.55bn). Lonrho annual profits were 40 per cent higher at £151m. Page 21; Lex, Page 20

Writs fly: Guy Snowden, chairman of US lottery equipment company GTech Corporation, issued a writ for defamation, against Richard Branson, chairman of UK retail to travel group Virgin, over an allegation of bribery made on TV. Page 6

Orange float date: Digital mobile phone network Orange, owned by Hong Kong's Hutchison Whampoa and British Aerospace, is to be floated in London and New York in March provided world share prices hold up over the next few weeks.

Estonia wreck to be covered: A consortium cement over the wreck of the passenger ferry Estonia, which sank in the Baltic Sea with the loss of 852 lives in 1994. Relatives of victims protested at the Swedish government's decision not to salvage

Sick premier requests meeting: Greece's 76-year-old prime minister Andreas Papandreou, who has been in hospital for seven weeks, has asked to see the president amid speculation that he intends to resign. Page 2

Polish shipbuilding loss: Poland's shipbuilding industry made a net loss of about \$7m in 1995 despite strong orders. "The main reason . . . is their technological obsolescence after years of stagnation in infrastructure investment," Jerzy Doerfer, head of the industry's Ship-building Forum, said.

Crew rescued: The 24 crew of a Greek-registered cargo ship which was sinking in the Atlantic off Newfoundland were rescued by a Canadian fisheries patrol boat.

Bank chiefs held: Two vice-presidents of Banco Portugues do Atlantico, Portugal's biggest commercial bank, have been arrested on money laundering charges, the US Customs Service said. Antonio Delgado, 39, and Fillipo Valli, 57, are accused of using offshore banking facilities to launder funds from the bank's Wall Street branch.

Irian Jaya captives: Pro-independence rebels in indonesia's Irian Jaya were believed responsible for kidnapping 24 people – including four Britons, two Dutch people and one German – in a remote valley.

FT journalist freed: Paul Adams, Financial Times Nigeria correspondent, was released on bail after being held since last Thursday in the oil city of Port Harcourt. He has been accused of possessing seditious material. Page 5

Heil's image updated: Hell - the eternal destination of sinners according to Christian doctrine - is not a flaming pit peopled by demons and devils, the Church of England says. A new church report says it is a state of non-being.

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Recession worry looms Economy fails to meet Emu deficit criteria | Fidelity

Fears as downturn hits Germany

By Wolfgang Münchau in Frankfurt

The German economy suffered a sharp downturn in the final quarter of 1995, according to official figures released yesterday, rais-ing fears the country may be teetering on the brink of recession.

The weakening of the economy contributed to the country's failure to meet the budget deficit qualifying criteria for the single European currency by a surpris-ingly large margin last year.

Mr Gunter Rexrodt, the German economics minister, said the economy might have contracted during the fourth quarter and forecast that Germany was going to remain in the doldrums during the current three-month period. Mr Johann Hahlen, president

Hashimoto

chosen as

in shift

to right

By William Dawkins in Yokyo

Japan moved to the right yes-

terday with the election as prime

minister of Mr Ryutaro Hashi-

moto, president of the conserva-tive Liberal Democratic party.

Mr Hashimoto, the first LDP
prime minister since his party

lost its 38-year grip on power in 1993, reshuffled the 21-seat cabi-

net, to produce a team he said

However, his comfortable vic-

288 votes to the 167 for Mr Ichiro

Ozawa, leader of the opposition,

elicited a lukewarm reception

from Japanese businessmen and

Mr Jiro Ushio, chairman of the

Association of Corporate Execu-

tives, said the new team was "not

a full fledged administration", a

reference to the choice of a socialist former teacher as

Commentators in Malaysia and

Singapore doubted Mr Hashimoto

would bring a significant change in policy. The Chinese foreign ministry welcomed his election

but hoped Japan would show a

"clear understanding of history", a reference to Mr Hashimoto's

opposition to a national apology for Japan's second world war

Mr Hashimoto distributed most

of the top cabinet jobs to LDP beavyweights. The LDP holds 13

seats in the new line-up, the

same as in the previous govern-

ment, the Social Democratic

party six and the small New Har-

binger party two.
The job of finance minister,

Asian neighbours.

finance minister.

would "work for a new Japan".

Japan PM

quarterly growth in the third quarter of last year. The FSO said it was unable to give exact figures on growth for the final quarter of last year, as not all the data had been gathered, but made clear the economy was The FSO reported the economy

with growth in western Germany at only 1.5 per cent. The poor performance of the economy was

grew by only 1.9 per cent in 1995,

of the federal statistics office, yesterday put Germany's budget deficit at 3.6 per cent of economic Berlin debt . Link should be cut Page 18 output, 0.6 percentage points higher than the permitted ceiling under the Maastricht treaty. Editorial Comment . "Page 19 .Page 36 The poor figures follow zero

> indicates that Germany may find it harder to meet the single currency criteria by 1997 than has been widely assumed, and under-lines the need for further domestic stability measures.

Mr Hahlen said the deficit rise was caused by a smaller than expected growth in government receipts. This amounts to a severe embarrassment to Mr Theo Waigel, finance minister, rigour for the future single curearlier this week Germany may have missed the criteria, but gave no inkling of the scale of

Several German economists yesterday revised downward their 1996 growth forecasts, after expressing bafflement at the steadily worsening figures. The consensus was that yesterday's published annual figures

imply a fall in fourth quarter GDP by between 'a and 'a percentage points.

Mr Richard Reid, chief economist of UBS Germany, said: From the middle of last year we can say that the economy has been going sideways and there is no indication that it is going to change. We have become a lot

rency zone. Mr Walgel admitted forecasts a 1.5 per cent growth

Mr Klaus Friedrich, chief economist of Dresdner Bank, pre-dicted an upswing from the spring, also forecasting 1.5 per cent growth, DIW, the Berlinbased economic institute, earlier this week revised its forecast

down to only 1 per cent. Most economists believe the current data suggest a mid-cycle pause in economic growth, rather than the end of the cycle itself.

inflation figures also released yesterday by the FSO showed a rise in the consumer price index by an average of 1.8 per cent during last year.

The same rate applied for December, a statistical average of wide diverging figures between

slashes its holdings in technology stocks

By Maggie Urry In New York

Fidelity Investments, the leading US mutual fund group, has slashed its holdings of technology stocks in a move which could influence other investors in the increasingly volatile sector. The Magellan fund, Fidelity's

largest and best known, has an aggressive investment policy. It cut its weighting in the technol-ogy sector from 43.2 per cent of total investments to 21.5 per cent during November, according to figures released vesterday.

Documents filed with the Securities and Exchange Commission revealed the fund management group sharply reduced its stakes in a number of technology stocks, including Texas Instruments, Silicon Graphics, LSI Logic, Cirrus Logic, Advanced Micro Devices and 3Com.

The Magellan fund, worth \$53.2bn, is managed by Mr Jeffrey Vinik, who was regarded as one of the leading bulls of the technology sector early last year. The fund's weighting in technology stocks peaked at 45.6 per cent at the end of April. Many investors attempt to emulate Mr Vinik because of his successful record.

Technology stocks led the US stock market higher last year. But persistent rumours in the autumn that Mr Vinik had turned bearish on the sector con-tributed to the increasing instability of share prices.

The sector slumped in October but recovered again, and Fidelity appears to have taken advantage of that bounce to sell shares. Technology stocks have again come under pressure in recent. iys anter poor pront news fron a number of companies, but yesterday the sector was rising.

tor weightings on a monthly basis with a six-week delay, so that end-November figures only appeared yesterday. Until the next month's figures are released it will not be known if Mr Vinik continued to sell in December. Fidelity is facing lawsuits from

Fidelity releases its funds' sec-

investors alleging he and another fund manager manipulated share prices by speaking positively

Continued on Page 20 World stocks, Page 36

triggered by a strong fall in conwho has pressed hard for a struction activity. The budget deficit overshoot regime of monetary and fiscal more pessimistic." For 1996, UBS

Roche sacks three for using Internet to retrieve porn

By Ian Rodger in Zurich and Paul Taylor in London

Boche, the Swiss health products group, has summarily dismissed three laboratory assistants in its pharmaceuticals research depart-ment in Basie for using company time and computers to retrieve "cyberporn" from the Internet. Roche's drastic action is the latest indication that big corporate users of the Internet fear

politically dangerous at a time when the government is under fire for using public money for prosecution for offences related to the dissemination of pornothe liquidation of collapsed housing loan companies, went to Mr Wataru Kubo, deputy head of the graphic material. SDP. He comes to the cabinet without ministerial experience, At the moment, there is little or no internal control of the vast amount of material that is freely as did his party leader, Mr Tomi-ichi Murayama, who resigned as prime minister last week. available to the estimated 35m computer users booked up to the

Mr Kubo is widely seen as a scapegoat for the housing loan bail-out. But he is also one of the Pornographic material is widely available via certain Usenet discussion groups and at var-ious World Wide Web computer sites on the Internet, including few politicians with no past connection with the loan companies and has some financial experi-ence as a member of the upper those run by established soft porn magazines such as Playboy and Peuthouse. house of parliament's finance committee for the past five years. According to a Swiss business He also led the SDP's attempt newspaper, Cash, the three sacked laboratory assistants devoted a large part of their

to scrap the introduction of sales tax in 1989, a qualification which may raise ironic smiles in his new ministry, which proposed the tax. To stabilise the finanwork time over several months to retrieving pornographic material from the Internet and igncial system is the most important political task. In particular, the ored a verbal warning to stop. It disposal of bad loans at housing said several empty discs were found near their computers, sugloan companies is crucial," he said last night. For other senior gesting they were copying and redistributing the material. posts, Mr Hashimoto chose LDP politicians with strong cabinet

"gateway" to the Internet. blocked access to 200 Usenet groups after German prosecutors said the company might be infringing laws designed to shield children from sexually

explicit material. In Switzerland, Roche might risk prosecution under equal treatment legislation that requires employers to protect their employees from sexual harassment.

Growing concern about pornography and other offensive material on the Internet has led to calls for tighter regulation of cyberspace. The US Congress is about to debate the Communications Decency Act, which would impose severe fines on those who make pornographic material available on the Internet.

Roche would not confirm the sackings, citing its legal obligations to protect its personnel. It is understood that the three worked in a very small department, called Pharma Security and Environmental Protection, and so could easily be identified.

Under Swiss law, summary dismissal is permitted only when there are "serious grounds". According to Cash, the three intend to appeal. It is likely that Roche, which is about to begin celebrating its centenary, was reluctant to resort to the sackings.

A number of software pack-ages such as "WinWatch" and "Net Nanny" have been devel-Two weeks ago, CompuServe, oped which enable companies, the consumer online information parents and other users to monitor Internet usage and block access to obscene material.

Leaders' farewell for Mitterrand

Some 60 heads of state were among more than 1,500 people who filled Notre Mitterrand, who died on Monday. Chancellor Helmut Kohl, his long-time ally, wiped back tears. Others present included Russia's Boris Yeltsin and Palestinian leader Yassir Arafat. Meanwhile, 250 miles south, Mr Mitterrand was being buried next to his parents in the village of Jamac. Report, Page 2; Observer, Page 19 Picture Rout

This announcement appears as a matter of record only Total Financing of £10,100,000 JOINT VENTURE HOLDINGSPLC to acquire the privatised western bus operations of Rodoviária de Lisboa Structured. Led and Equity Underwritten by Montagu Private Equity Stagecoach Holdings Plc Debt Facilities provided by Banco Português de Atlântico Banco Portugues de Investimento Advisers Arthur Andersen Dibb Lupton Broomhead Macfarlanes Neville de Rougemont MONTAGU PRIVATE EQUITY

The Venture Catalysts

Member HSBC 🖾 Group

Continued on Page 20 company which provides per-Clash of the Shoguns, Page 4 sonal computer users with a CONTENTS Arts Guide Gold Markets . 22.23 © THE FINANCIAL TIMES LIMITED 1996 No 32,880 Week No 2

Montagu Private Equity Limited 10 Lower Thames Street. London EC3R 6AE Tel: 0171-260 9911 Fax: 0171-220 7265

Chechen leader vows to continue fight

Gunmen seize more hostages as armed stand-off persists on border

By John Thornhill

Mr Dzhokhar Dudayev, the rebel Chechen leader, has vowed his countrymen will continue to fight the Russians for as long as it takes to win full independence for the Cau-

"Even if they pull their troops out of Chechnya and a peace agreement is signed, it will not end for 50 years," Mr Dudayev said in an interview with the Moskovsky Komsomo-

Mr Dudayev's comments were published as 200 Chechen rebels, who launched a raid on

the southern Russian town of Kizlyar, seized more hostages in the the nearby village of Pervomaiskaya and continued

to defy Russian security forces. The Chechens threatened to start shooting the 230 hostages unless their bus convoy was allowed to return to Chechnya. But the Russians appeared to be in no mood to make further concessions, and drew up further reinforcements.

The continued stand-off came as President Boris Yeltsin visited Paris to attend the memorial service for Mr François Mitterrand, the former French president. Questioned by reporters about events in Chechnya Mr Yeltsin said Russia would be willing to withdraw its troops from the region as soon as the Chechens laid

down their arms.

But this trade-off formed the basis of a military agreement, signed between Russian and Moscow-backed Chechen representative last year, which has failed to halt the fighting in the Caucasian republic. Mr Yeltsin is coming under home for the handling of Chechava. Continued fighting will badly dent his chances in the presidential elections, scheduled for June, should he decide to run again,

Mr Alexander Lebed, the popular former army com-mander and newly-elected MP, yesterday condemned the government for its policy towards Chechnya as he declared he would bid for the presidency. The former general, who has frequently condemned the government for its incompetence increased political fire back in dealing with the Chechen

rebels, said ministers had failed to learn the lessons of last June when Chechen rehels launched a similar terrorist raid on Budennovsk. The Interfax news agency

reported yesterday that Mr Andrei Nikolayev, head of Rus-sia's border guards, had offered to resign over the failure of security forces to prevent the Chechen raid on Kizlvar. But Mr Yeltsin was reported

to have refused to accept the resignation, saying the border guards were not to blame.

press service yesterday published a letter from the leaders of eight regions in the northern Caucasus calling on Russia to restore order in the region suggesting military action may soon be stepped up. "The crimes perpetrated in Budennovsk and Kizlyar have show the true nature of Dudayev's militants. Their outrages make the entire North Caucasus suf-

fer," their statement said. Many of the signatories represent peoples who have centuries-old antagonisms against the Chechens that were exploited by the Russians when they conquered the

Vehicle makers see 3% growth

Western Rurone's new car market is predicted to grow by about 3 per cent this year, after a disappointing 0.6 per cent in 1995 - well below industry

High and increasing unemployment in Europe, weak economic growth and high debt levels in many countries, together with social tensions, were all blamed yesterday by the European Automobile Manufacturers Association (ACEA) for the poor performance.

It said new car registrations last year totalled 12,006,800, compared with 11,938,000 the previous year and an early-

1990s peak of 13.5m.
The ACEA statistics added to manufacturers' gloom by revealing a steep downturn in December, when registrations fell by 7.7 per cent compared with a year earlier. "All the indicators have been pointing in a negative direction; but we should be able to expect a little better 1996 as a result of some of the recessionary factors fading," Mr James Rosenstein, the

ACEA spokesman, said in Brussels yesterday. The figures showed year-onyear sales falling last month in

10 of the 16 countries moni-

A strong performance by Volkswagen, now feeling the benefit of its investments in SEAT of Spain and Skoda in the Czech Republic, enabled it to consolidate its market leadership with a 16.8 per cent share, more than three percentage points clear of General Motors. PSA (Peugeot/Citroën) was a distant third but should gain a substantial boost this year from its new 406 medium salcon

Fiat, in fifth place, is also showing signs of sustained recovery, with a 3.3 per cent rise in sales last year, including a 25 per cent jump for its

Alfa-Romeo subsidiary. However, Japanese manufac turers saw sales slip throughout the year, making tough negotiations likely between Tokyo and Brussels at the regular biannual meetings on European market access for the Japanese industry.

WEST EUROPEAN NEW CAR REGISTRATIONS

	(Units)	Change(%)	Jan-Dec 95	Jan-Dec 94
TOTAL MARKET	12,006,800	+0.6	100.0	100.0
MANUFACTURERS:				
Volkswagen group	2.013.424	+6.6	16.8	15.8
– Volkswagen	1,280,819	+5.2	10.7	10.2
- Audi	. 375,942	+20.2	3.1	2.6
- Seaf	292.253	-2.9	24	25
- Skoda	64,410	+11.6	0.5 ·	0.5
General Motora	1.574.528	+1.0	13.1	18.1
- Opel/Vauxhall	1.504.515	+1.0	12.5	12.5
- Saab	57,556	+10.4	0.5	0.4
PSA Peugeot Citroen	1,440,643	-5.8	12.0	12.8
- Peugeot	861,788	-6.4	7.2	7.7
- Citroen	578,855	-5.0	4.8	5.1
Ford group	1.425.893	+0.8	11.9	11.8
- Ford	1,410,811	+0.5	11.8	11.8
- Jaguar	15.082	+43.2	0.1	0.1
Fiet group*	1,334,947	+9.3	11.1	10.8
- Fiat	1.043.511	+1.7	8.7	8.6
- Lancia	162,370	-0.7	1.4	1.4
- Alfa Romeo	127,291	+25.4	1.1	0.9
Renault	1,238,580	-5.4	10.3	11.0
BMW group	761,554	-2.0	6.3	6.5
BMW .	391,814	+1,0	3.3	3.2
Rover	369,740	-5.0	3.1	3.3
Mercedes-Benz	405,567	-3.4	3.4	. 3.5
Volvo	217,891	+8.6	1.8	1.7
Nissan	367,411	-5.2	3.1	3.2
Toyota	303,743	-2.9	2.5	2.6
Honda	176,159	+4.8	1.5	1.4
Mazda	162,124	-7.7	1.4	1.5
Mitsubishi	127,790	+7.5	1,1	1.0
Total Japanese	1,278,254	-1.8	10.6	10.9
Total Korean	178,849	+68.5	1.5	0.9
MARKETS:	3.326.200	+3.6	27.7	26.9
Germany	1,945,400	+3.5 +1.8	16.2	16.0
United Kingdom France	1,945,400	+1.6 -2.1	16.2 16.1	16.5
trance Italy	1,704,900	-2.1 +2.0	14.2	14.0
Spain	824.800	+20 -9.3	14.2 6.9	7.6
Speni	027,000	-8-3	0.3	1.0
VW holds 60.3 per cent and m strictudes cars imported from US	eragement control of and sold in weste	of Stock. on Europe		

Chemicals stocks problem set to ease

By Gillian Tett in London

The problem of excessive stocks which has been damaging the European chemicals industry is almost at an end, the industry said yesterday.

Consequently, western Europe is likely to see some rise in production this year. according to forecasts from the UK Chemical Industries Association. Growth is expected to be 2.5 per cent in 1996, up from last year's 2.2 per cent.

Rapid destocking by companies in sectors such as chemicals is thought to have been a key factor in depressing European manufacturing growth at the end of 1995. Before that. had risen far more quickly than overall growth.

Some economists believe the process of destocking will continue across industry, meaning that the weak pattern of growth will stretch into 1996. However, the association insisted yesterday that the process in the chemicals sector, at least, was now almost over. implying that growth and prices should pick up in the months ahead.

Overall, chemical prices are forecast to rise by only 0.5 per cent this year. This level is well down on the 7.5 per cent seen over 1995, but follows a sharp fall in prices in the final months of last year. Exports of chemicals are projected to rise only 4 per cent, however, down from 5 per cent in 1995.

Nevertheless, these overall figures conceal some striking differences between countries example, saw its export growth collapse from 8.5 per cent in 1994 to none at all in 1995. although an increase is forecast for this year. There was also a dramatic decline in export growth in Germany. from 10 per cent in 1994 to 4 per cent last year.

This was in marked contrast to Italy, where overseas sales grew from 9 per cent in 1994 to Il per cent in 1995. This figure is expected to fall to 7 per cent next year. Meanwhile in France, chemical export growth is projected to be on a gentle downward trend, falling from 9 per cent in 1994 to 5 per cent next year.

Western Europe Indices, 1990=100

1992 93

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السنتين ويراوا والمراز الأوسيس سراك

bid Mitterrand farewell Presidents Jacques Chirac and Boris Yeltsin - in Paris for Mr Some 60 heads of state were among more than 1,500 people

Danielle Mitterrand (left), the late president's widow, at Jarnac yesterday with son Jean

World leaders gather to

President François Mitterrand, who died on Monday. Chancellor Helmut Kohl, his friend and long-term ally, wiped back tears. Others pres ent alongside President Jacques Chirac included Russia's Boris Yeltsin, Cuba's Fidel Cas-Arafat, and from the UK Prince

Charles and John Major, the prime minister. Thousands more stood outside, watching the service on a giant television screen. Cardinal Jean-Marie Lustiger talked in his address about the former president's reflections towards the end of his life on spiritual-

By Andrew Jack in Paris

who packed Notre Dame cathedral in Paris yesterday for the

memorial service for former

ity and death. Meanwhile, 250 miles to the south, Mr Mitterrand was being buried next to his parents in the village of Jarnac attended by family and friends and his black labrador.

his wife Danielle and their two children, united for the first time with the former president's mistress Anne Pingeot and his illegitimate daughter Mazarine, whose existence was first revealed publicly little François Mitterrand's memorial service - agreed yesterday that their prime ministers would meet twice a year to boost economic

co-operation, Reuter reports from Paris. Mr Yeltsin said this would operate along the lines of a similar Russian-US arrangement. Prime Minister Alain Juppe's scheduled trip to Russia in February will rk the first such

The two men also discussed security issues, including Nato enlargement and France's recent move closer to the alliance's military wing.

more than a year ago. Crowds gathered elsewhere in France, including on the rock of Solutré in Burgundy, where the former president ernment declared yesterday a day of national mourning. Public offices remained open, but metros and buses across Paris came to a halt at llam for a

The smaller service included one-minute silence As a man fond of symbolism. Mr Mitterrand would no doubt have been delighted by the mourning culminating in ves-terday's obsequies. Like General de Gaulle, his arch political rival and founder of the

fifth republic, Mr Mitterrand, 79, apparently died in his Paris

That day's news broadcasts and the following day's news-papers were full of lengthy obituaries and assessments, which tended to play down substantially the more nega-tive aspects of his record 14year presidency which turned many even of his most ardent fans into critics.

On Wednesday evening, the French Socialist party organtille, symbol of the French rev olution and rallying point after Mr Mitterrand came to power in 1981. Tens of thousands came to sign books of remembrance, light candles and lav red roses beneath huge photos of the former leader.

Many of those who went to the Bastille seemed more inclined to recall their hopes at presidential victory rather than the disillusionments that

came later. But Mr Mitterrand's death was far from a national obsession. The privately owned tele vision channel, M6, reported a ituge surge in viewing figures on Monday night when it showed an adventure film instead of lengthy news and analysis on the former president broadcast by its rivals.

January-December 1995 Volume Share (%) Share (%)

Europe's armies start to link arms

hen Chancellor Hel-mut Kohl and Presi-dent Jacques Chines agreed to set up a joint procurement agency early last month to oversee arms purchases for Europe's two biggest armies, the event received scant public attention given the concerns about a single European currency and the wave of French strikes which dominated their meeting.

However, the decision is a big step toward ultimately bringing together the armies of the European Union. In the view of a senior Bonn official it will in due course enable both the French and German armies to operate identical equipment and bring even more significant benefits to forces such as the 59,000 strong Eurocorps. The latter, based in Strasbourg, includes units from five EU armies, most still using very different equipment.
The two partners also hope

their initiative will develop into the European procurement agency, a body which was outlined in the 1992 Maastricht treaty but which has become bogged down in discus-

While officials in Bonn are quick to point out that the agency will develop only gradually, progress will be watched carefully by defence ministries across the Union. Several coun-

Michael Lindemann assesses the prospects for the joint equipment procurement agency agreed by Kohl and Chirac at their meeting last month

est, and two - Britain and Italy of competition from much - are already knocking at the larger US companies. "[The door and asking what they need to do to enter.

Both have significant defence industries and both are keen to have a say in the shaping of an agency which is likely to play a key role in consolidating European defence capabilities. As one British diplomat pointed out: "It's the only potential European agency which we are asking to join at the moment."

Joining, however, may not be that easy, particularly for Britain. The French were furious last July when Britain decided to spend £2.5bn on US Apache tank-buster helicopters rather than the Franco-German Tiger.

That decision, and an earlier one in which the British bought US military transport aircraft instead of waiting for the European Future Large Aircraft to be developed, is at odds with what officials in Bonn refer to as "a commitment to the European defence industry". One of the main reasons for creating the agency is to strengthen European defence industries in the face

agency] should not be operated on a basis where people simply pick out what suits them best," a leading official warned.

By the end of this year, the agency is expected to be employing up to 15 people to pool financial and personnel activities at a host of existing Franco-German projects including the Tiger helicopter. the Hot anti-tank and Roland air-defence missile programmes, and the Brevel remote-piloted reconnaissance drone. The operational offices managing these projects will remain separate entities, however, and it remains unclear when the agency will be empowered to draw up con-

However, the agency will very quickly become involved in the first big project it will oversee from birth: the construction of a new armoured personnel carrier, dubbed GTK in German. It is this project which Britain says will decide its membership of the agency. Wary of being left out of a big project. Britain has sig-

nalled its desire to join the

GTK venture but wants the vehicle's design to be decided by open competition, offering possibilities for UK defence contractors such as Alvis, GKN

Competition is something the Germans have welcomed. given their defence industry is also a private sector one, but is a prospect which presents diffi-culties for the French. While there are several German companies which can make the GTK. France is dependent on one principal supplier. Giat, its near-bankrupt tank manufac-

decision about just how A the GTK tender will be structured - and with it a decision about whether Britain joins the agency - is expected in the next few

Bringing on board new mem-bers such as Britain will improve the agency's chances of being given official status within the Western European Union, the 10-member European defence bloc, sometimes spoken of as the future defence arm of the European Union. An initial attempt by the such status was declined by the WEU which said it wanted to see how the agency devel-

The process also shed light on other important questions. Does a "commitment" to the European defence industry, for instance, mean that Britain can never again purchase US or any other non-European echnology?

Another nagging query is how work will be shared out on projects run by the agency. a problem which has bedevil led Eurofighter, the £32bn project which is years behind schedule partly because the four partners - Britain, Germany, Italy and Spain - are still haggling about sharing out the work.

Wary of the problems resulting from Eurofighter, German officials say that "it is not ideal to set exact work shares" for such projects. They favour, instead, creation of a certain balance" of work done by various partners over a number of

Despite the problems it faces the agency clearly has the backing of two of the world's biggest armies. And, in Bonn, officials hope that after awarding defence work for years purely on the basis of value for money the British may now be changing in favour of stronger European co-operation.

EUROPEAN NEWS DIGEST

Papandreou to see president

Greek prime minister Andreas Papandreou has asked Greece's president to visit him in hospital but has given no indication

Mr Papandreon's wife, Dimitra, relayed the request after the governing Socialists comfortably defeated a censure motion in of wanting to resign.

parliament Mr Papandreou, whose lung and kidney problems are still critical, is expected to meet President Costis Stefanopoulos in the next few days. Analysis speculated that Mr Papandreon would try to avoid being forced out of office by asking for a presidential decree appointing a temporary prime minister to take over his duties for the next few months.

President Stefanopoulos, who has no executive powers, has avoided taking sides in the dispute over replacing Mr Papandreou. A former conservative cabinet minister, he was the Socialists' choice for head of state but does not have close ties with the prime minister.

Pension funds look abroad

European pension funds appointed roughly twice as many foreign investment managers last year as they did the year before, according to a study* by investment consultants William M Mercer.

Using data from 165 managers in 15 countries, the study found foreign managers were being selected for asset classes such as Japanese equities, global bonds and emerging markets securities in which continental European investors have had

"We have been convinced that the insularity of the investment management marketplace within Europe would have to change," said Ms Julia Hobart, principal with Mercer Investment Consulting. "In 1995 it made a significant leap forward in terms of opening up." The increase in foreign managers reflects the growing diversification of European pension investments, which in many countries have historically been restricted by regulation to domestic equities and bonds.

The survey also found a sharp rise in the number of investment managers who have significant operations in more

The rise follows significant cross-border merger and acquisition activity in the industry. Of the 165 managers covered, 77 are managing assets for European pension funds outside their home country. Of these, 52 are based in Europe and 25 are non-European and based mainly in theUS.

Norma Cohen, Landon The European Pension Fund Managers Guide Vols I and II, £600, William M Mercer Ltd., Telford House, 14 Tothill Street, London SW1H 9NB. Tel. 0171-222-9121 ext 3214.

Public sector deal in Portugal

Portugal's public sector unions agreed yesterday to a 4.25 per cent wage increase in 1996 as part of what the new Socialist government said was an historic agreement. The accord, expected to be used as a benchmark for private

sector wage deals, is based on a government forecast of 3.5 per cent inflation this year, down from an expected 4.1 per cent in 1995. Unions had called for wage increases of 6.5-8 per cent at the start of several weeks of negotiations, against an initial government offer of 3.5 per cent. A representative of the Communist-led Common Front, one

of three public sector union federations, was delaying signing the agreement until it had consulted its members. But a representative said the accord, which includes pension increases of more than 5 per cent and substantial career structure reforms, was the broadest and best the unions had achieved for 20 years. The deal is a boost for the government's plans to cut the

budget deficit to about 4.2 per cent of gross domestic product in 1996 from 5.6 per cent last year in an effort to meet the European Union's convergence criteria for economic and monetary union. The 1996 budget proposals, delayed by an election last October, are due to be unveiled later this Peter Wise Lishon

Sahlin cleared in credit card row

Sweden's public prosecutor yesterday cleared Ms Mona Sahlin. the former deputy prime minister, of any crime in the row over her private use of government credit cards.

The affair wrecked Ms Sahlin's ambition to succeed Mr Ingvar Carlsson as prime minister this year. The prosecutor said no charges would be brought against Ms Sahlin - or another former junior minister who had been investigated for similar reasons - because she had clearly marked those private expenditures she had made as such on her government credit card bills. In the few cases where she had not done so, it was because of an innocent mistake.

The dropping of any case against her was a relief for Ms Sahlin, but it will not undo the damage the episode caused her hitherto umblemished political career. The revelations about her repeated private use of the cards – and her many delays in repayment - caused surprise among supporters of Sweden's Social Democratic party and forced her to abandon her campaign to succeed Mr Carlsson when he retires in March. Mr Göran Persson, the finance minister, is to take over instead. Ms Sahlin has no immediate plans to return to the Hugh Carnegy, Stockholm

Graf tennis winnings 'paid cash' Mr Peter Graf, father of German tennis star Steffi Graf, demanded payment in cash for her tournament winnings, a German Tennis Association (DTB) official told a panel probing

DTB managing director Günter Sanders told a committee of the Baden-Württemberg state parliament that unusually high sums, up to several hundred thousand D-marks, were often banded over to Mr Graf or his advisers in cash or by cheque. He said payments to players in cash or by cheque were not

unusual, but added the large payments of prize-money or appearance fees the Grafs collected in cash were rare. Mr Graf, 57, has been in investigative custody in a Mannheim prison since last August as part of a tax-evasion

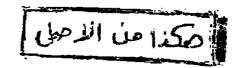
ECONOMIC WATCH

Spanish progress on jobs

Job placements in Spain reached a record 7.56m last year, 27 per cent up on 1994, but trade unions complained that too many new jobs were temporary and demanded measures to ensure more stable employment.

The number of job-seekers registering with the National Employment Institute fell 1.7 per cent in December to 2.38m, or 15.1 per cent of the workforce, compared with 15.4 per cent The figure was almost 180,000 less than at the end of 1994, with jobless rates coming down in industry, services, construction and agriculture. However, the Communist-led

Workers' Commissions union pointed out that many out-of-work Spaniards failed to register. There remains a large discrepancy between the registered monthly figures and Spain's quarterly employment survey, which last showed a jobless rate of 22.7 per cent. Most experts believe the true figure lies somewhere between the two. David White, Madrid ■ Thirty-nine per cent of the European Union's citizens believe the economic climate in their countries will deteriorate this year, a survey suggested yesterday. Polling by the European Commission in the last three months of 1995 showed that just 19 per cent expected things to get better. Sixty per cent of French people saw their economy sliding in 1996, compared with 14 per cent who had rising expectations. In Germany, 43 per cent said things would get worse, with 13 per cent expecting an improvement. In the UK, 30 per cent were pessimistic and 20 per cent optimistic.



21.714

red tape on investments

By Michael Lindemann in Bonn

The German government yesterday agreed a new law intended to halve the time taken for investments to be approved. The measure is one of several aimed at cutting red tape and making Germany more competitive with other European Union countries where such procedures take less than half as long.

Mr Günter Rexrodt, economics minister, said the environ-mental standards which govern industrial plants in Germany would not be lowered as a result, but that the new law would make approval procedures more flexible and quicker.

If an investor building a new chemical plant had assured himself that the emission levels would be lower than those at the existing plant, construction could begin immediately and the relevant authority would only have to be notified,

Mr Rexrodt said. The approval procedure could then be completed as the plant was being built, ensuring that construction did not have to wait until final approval had been given. Such approvals usually take seven months in Germany, whereas elsewhere in Europe they take only three months, Mr Rexrodt said. The new law still has to pass through parliament.

Among other steps to over-

haul a bloated bureaucracy and make Germany more attractive for foreign investors, the government wants to cut

the size of the federal civil service by 1 per cent annually. Mr Johannes Ludewig, a state secretary in the Economics Ministry who has overseen the new legislation, warned, however, that the various standards would not be lower as a

The investor must decide whether he wants absolute security or whether time is a more important consideration for him. By opting for the new procedure he obviously takes certain risks." Mr Ludewig

While many investments by big companies are usually given priority by senior politicians, Mr Ludewig said the new law enabled smaller companies to convene a conference with all the relevant authorities involved in such industrial investments, and thereby speed up the approval procedure.

The opposition Social Democrats (SPD), who control the Rundesrat criticised the new procedures, saying they did nothing to make the "tangled" regulations in Germany any easier to understand.

Because authorities cannot approve investments more. quickly, the resulting risk now has to be shouldered by the investor," the SPD said.

Bonn to cut Berlin debt is last debris of wall Split over

The wall comes down, hopes rise, but new problems created



July 1990: Uprooted sections of the Berlin Wall lie in what was no-man's land

past 40 years, everything had been duplicated from the transrevenues of DM33.5bn. Its budture them. This pushed preunification zero unemployment get deficit will have risen to to 12.4 per cent by last month.

DM9.1bn compared with port and gas systems to public administration, theatres, opera DM6.2bn in 1993 and DM3.1bn houses, art galleries and uniin 1991 when subsidies were still being poured in. Mr Kurth The coalition has slowly merged the city, first tackling denies the city government wasted the past five years in terms of controlling expendithe infrastructure through marrying the underground net-work and linking the electricture. "Integrating the two parts of the city took more ity and gas grids. But Mr Dieter Vesper, public sector specialist at Berlin's DIW eco-Over 40 years everything had been nomic research institute,

duplicated: transport, gas systems, public administration, the arts time than we expected. And it ing unemployment up to 13.3

cost more."

To complicate the process the city government could hardly have foreseen the consequences the policies of the Treuband privatisation agency and unification itself would have on the jobs market

in both parts of the city. For example, in the eastern part of the city, which has a population of 1.3m, only 33,000 of the original 180,000 industrial jobs exist today after the Treuhand's decision to close many enterprises or restruc-

per cent last month. Mr Kurth realises that revenues will continue to decline and unemployment to rise. Despite this, the CDU is determined to push through a

In west Berlin, with a pop-ulation of 2.1m, the abolition of

subsidies and the availability

of cheaper land outside the city

has forced companies to relo-

cate. The number employed in

industry has declined from 175,000 in 1993 to 132,000, push-

savings programme of DM24bn spread over four years. The scope for savings is considerable. Compared with the west German average of 23.3 public administration employees per 1,000 inhabitants, Ber-lin has 87.8. "We have 180,000 civil servants. But we have cut more than 25,000 jobs over the

past five years. We intend to cut the administration further back, by about 20,000 over the next four years," said Mr

Enst Serie

Unemployment rate (per cent)

Kurth. The SPD appears to have accepted some of these cuts although it will cost them votes. But the more economically-minded members of the CDU have yet to convince their own party - and the SPD that the city government should press ahead with privatisation, of the utilities especially, to make them competi-

tive and raise cash. In the past, the city authorities have been reluctant to reduce its majority holdings in the electricity, gas, water and transport companies, in spite of the fact that they are, in most cases, heavily subsidised by the taxpayer who must also pay one of the highest prices in Europe for its energy.

The politics of privatisation is about patronage and political influence," said one official. "But the budget deficit and reduced financial assistance from Bonn is forcing the politicians to finally accept that the free-spending days are over.

Hungary's sell-off revenues

By Virginia Marsh in Budapest

The Hungarian privatisation minister, Mr Tamus Suchman, yesterday urged the country's Socialist-led government to use privatisation revenue to fund development projects to revitalise the economy rather than spending it almost exclusively on paying off state debt, as favoured by the Finance Ministry and the central bank.

Hungary last year raised Ft450bn (\$3.3bn) in privatisation revenues - far more than anticipated - after the privatisation agency pulled off sev-eral large deals late in the

Much to Mr Suchman's annoyance, parliament last month passed a private members' amendment to the state budget stipulating that excess funds from privatisation debt and that the Finance Ministry and central bank should decide on methods of repayment. At stake is a surplus of some Ft120bn - the amount left after the deduction of the Pt250bn allocated to the 1995 and 1996 budgets and the privatisation agency's expenses and debts of around FtS0bn.

Mr Gyula Horn, the prime minister, urged Socialist MPs to reject the amendment and give the government time to consider the matter. However, some 60 Socialists joined the Free Democrats, the liberal junior coalition partner, and opposition parties in passing be amendment.

Mr Lajos Bokros, finance minister and the main archi-tect of last year's austerity package - widely believed to have been behind the amendment - has come out strongly in favour of repaying debt.

Mr Bokros, supported by the central bank, says the programmes favoured by Mr Suchman would be inflationary and that it is better to reduce Hungary's \$32bn debt burden.

Following protests from the party's left-wing and from the trade unions, Mr Horn agreed the government should review its options with a view to reaching a decision this month.

Italian minister defends increase in telephone tariffs

believes the city government

has wasted time in consolidat-

ing its budget. Despite ample

warning that subsidies and

grants would be cut by 1995 "it

During the days of the cold

war, more than half of (west)

Berlin's total expenditure was

financed by Bonn, with compa-

nies and Berliners enjoying

lower taxes and benefits so as

to keep west Berlin both as a

viable city and capitalist show-

case to the east. But these sub-

sidies led to bad habits. "Put

simply, there was no pressure to save," added Mr Vesper.

This year, the city govern-

ment envisages expenditure of DM42.6bn (\$29.5bn) but expects

slept", he said.

By Andrew Hill in Milan

The Italian government yesterday said it would not withdraw controversial decrees bringing Italy's telephone tariffs in line with other

European Union countries. But Mr Agostino Gambino, Italy's post and telecoms minister, promised Italian deputies he would consult trade unions and parliament before implementing the decrees.

The plan to increase charges for peak-rate local phone calls has triggered a row about public service tariffs in Italy, with the state railways and Alitalia, the state-controlled airline, also coming under fire from consumers after reports that they too were considering price

A similar controversy is going on in Germany over Deutsche Telekom's attempts to alter tariffs.

It emerged yesterday that Mr Karel Van Miert, the European competition commissioner, had written to Mr Gambino before Christmas to remind him that Italy should "rebalance" its telephone tariffs to bring them in line with costs.

The Commission is concerned that

telephone companies use high charges in certain areas - for example, international and long-distance calls - to subsidise other tariffs.

"Potential competitors are deterred from entering segments of the market where the necessary investment does not guarantee a return," Mr Van Miert said in the letter, sent before the row over tariffs broke

EU countries are not obliged to rebalance their telephone tariffs under existing European law, although draft directives contain such an obligation. But Mr Van Miert said in the letter that the approaching deadline of 1998 for full telecoms liberalisation made it ssary to start rebalancing tariffs immediately.

Mr Gambino explained to a parliamentary committee that consultations with anions would focus on the social impact of the tariff changes, which would involve an increase in local peak-rate tariffs and a decrease in the tariffs for

many long-distance and international calls. He added that the effect of the changes on inflation would be broadly neutral. But the unions warned that Mr

Gambino was "deluding himself" if he thought that they would simply ratify the decrees.

Implementation of the changes was frozen at the weekend after strong criticism from consumer groups, unions and politicians.

NEWS: WORLD TRADE

By Judy Dempsey in Berlin

on for more than three months

since the elections last October

when the CDU, with 37.4 per

cent of the vote, invited the

SPD, which won only 23.6 per cent support, to form a coali-

The CDU wanted to keep out a left-wing alliance comprising the SPD, the Greens, and the

former communist Party of Democratic Socialism, particu-larly since the CDU intends to

be in power when the federal

to Berlin by the end of the

decade. But in turn, it has had

to convince the SPD to accept

deep spending cuts to consoli-

That is why, failing any last-

minute hitch at the Tiergarten, the coalition's second term of

office will be markedly differ-

ent from its first stint in pow-er-sharing. Then, back in 1990,

Berliners were still euphoric

about the dismantling of the

Wall, the prospects of a united

city and hopes of fast economic

"It was an unbelievable

time," said Mr Peter Kurth, the

city's state secretary for the

CDU-run finance committee.

"We did not fully realise what

unification meant. The city

had to be integrated. Over the

date the capital's finances.

erument moves from Bonn

tion for the second time.

Jet orders pull out of a five-year nosedive

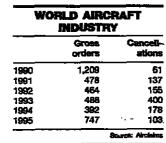
Aerospace manufacturers have built up a bigger backlog of work and fewer aircraft are in desert storage, writes Michael Skapinker

A flurry of jet orders over the past few months has raised hopes that the aircraft manufacturing industry is emerging from its five-year slump.

This week Malaysia Airlines placed an order for 25 Boeing aircraft. Philippine Airlines said this month it planned to buy eight 747 jets from Boeing and 28 aircraft from Airbus Industrie, the European consortium.

These orders follow large sales of aircraft last year to such carriers as Saudia, the Saudi airline, Singapore Air-lines and ValuJet, the US budget carrier. Boeing clinched the Singapore deal, McDonnell Douglas of the US won the ValuJet business and the two manufacturers shared the Sau-

dia order. The optimism should not be exaggerated. Boeing, the mar-ket leader, won 346 orders last year. But this compares with the 683 orders the US manufacturer received in 1989 and the 503 it collected in 1990. The industry is also rife with rumours of sharp price-discounting by both aircraft and



But aircraft executives and analysts point to several trends which suggest the improvement in manufacturers' for-tunes might be sustained. For the first time in five years, in 1995 the number of orders received by manufacturers exceeded the number of aircraft delivered to airlines.

This means that manufacturers' backlog - the number of aircraft ordered but still not built or completed - grew rather than shrank last year. As there is a lag of several years between aircraft orders and deliveries, this means manufacturers factories are assured of work for some time. In the case of the Malaysian

deliveries will begin next year and continue until 2001. Aviation consultants Airations

claims say manufacturers won net orders, after cancellations, of 644 aircraft last year - the highest number since 1990 and more than three times the number in 1994. By contrast, the number of

completed aircraft delivered to craft parked in deserts. airlines last year was, at 487, Although many of these the lowest since 1987. The low level of deliveries was partly the result of a strike at Boeing but also reflects the small number of orders placed between 1991 and 1994 and the high number of cancellations. Airclaims says that in 1993, for example, airlines placed 488 new orders and cancelled 400

The increase in orders last year meant the industry's backlog of work grew by 157 aircraft to 2,031, Airclaims says. This compares with a fall in the backlog in the period 1991 to 1994. While last year's growth in the order backlog was small compared with 1990,

order for 15 Boeing 777s and 10 deliveries by 476, it is a start.

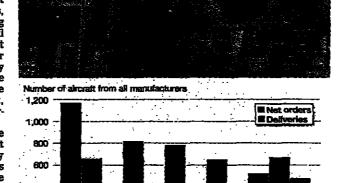
Boeing 747-400s, for example,

Mr Chris Avery, an analys Mr Chris Avery, an analyst with Paribas Capital Markets, points to another promising trend for the industry: the fall in the number of aircraft stored, unused, in deserts. Mr Avery says that in the early 1990s, when the effect of the Gulf War and the worldwide recession began to be felt, there were more than 1,000 air-

> were old, hrand new aircraft were also being flown directly from manufacturers' factories to desert storage lots. In the past few years, he says, the number of aircraft in desert storage has fallen substantially as they have gone into service with airlines. At the end of September

1993, there were 774 aircraft in desert storage. By the same time last year, the number had fallen to 582. Mr Avery says the fall in the number of aircraft stored in the desert has been particularly noticeable in the single-aisle category of jet, with many Airbus A320s and Boeing 757s returning to air-





orders is, however, uneven. While several Asian airlines have placed orders recently, US carriers are proving more cautious. Mr Ron Woodard. president of Boeing's commer-cial aircraft group, said that while he expected the Asian

The recovery in aircraft market to remain strong, US airlines' halance sheets were still to weak for them to buy many aircraft. While US airlines' profits are growing, Mr Woodard thought strong growth in aircraft orders from

S Korean companies plan | UK juice makers win EU big investments in chips

Three South Korean semiconductor manufacturers yesterday announced plans for substantial new investments. continuing the surge in capital spending by the world's lead-

ing chip makers.

LG Semicon, part of the LG Group, said it planned to increase capital investment to Won2,700bn (\$3.4bn) this year, up from Won2,000bn in 1995. Hyundai Electronics Industries part of the Hyundai Group said its capital investment this year would be just over Worl,000bn almost unchanged from last year's,

but analysts and industry

sources said the final amount

Won2,800bn this year expand-ing production capacity, mainly for 16-megabit dynamic random access memory (D-Rams) chips, compared with Won1,800 in 1995.

The three companies are South Korea's largest chipmakers and Samsung is the world's largest manufacturer of D-Rams. Their investment plans defy predictions of a looming glut in world chip supply which have hit shares of Samsung, the only listed com-

pany of the hig three. All three companies said yes-terday that they were optimistic about the electronics industry's future and described the recent fears as exaggerated.

"We are optimistic. There is still plenty of room for global

agree, saying they see little evidence to back worries of oversupply. They also note that South Korean chip makers could make profits even if chip prices fall by as much as 20 per cent this year. World semiconductor sales

surged to \$155bn in 1995, up 40 per cent over the previous year, according to preliminary figures released earlier this week by Dataquest, the US market research group. Strong demand from the per-

sonal computer industry is driving the growth. Analysts believe the global demand for memory chips will be further boosted by the spreading popularity of memory-hungry multimedia software that requires powerful personal computers, was fixely to be closer to chip demand to grow for a considerable period," said Samsing Electronsics, announced plans to invest sung. Most industry analysts the electronics industry.

orange tariff concession

By Deborah Hargreaves

The European Commission yesierday decided to extend turiff-free status to imports of oranges until the end of March following pressure from British juice processors. The tarifffree imports are destined for a small but highly lucrative part of the British orange juice market which accounts for sales of £12m (\$18.5m) 2 year. But the juice processors say the tariff-free status will cover their needs of 12,000 tonnes for this year only and are still pressing the Commission to remove tariffs over a longer period. "This solves our

Four processors which provide freshly squeezed juice in small bottles account for around 5 per cent of the overall UK market. They require late Valencia oranges for flavour and quality which are normally imported from

The late Valencia oranges do not contain limonin, a substance found in the pips of other oranges which can make the squeezed juice bitter after about one hour.

However, these oranges are not available in Europe between December and April and have to be imported from such countries as Cuba, short-term problem, but we Jamaica and South Africa. need a derogation from Gatt Under the terms of the Genrules to protect the industry over the long term," said Mr Bill Marlow, an industry reperal Agreement on Tariffs and Trade deal, oranges imported from outside the EU are subject to tariffs.

when the Gatt deal was done and the special needs of the industry were just left out," said Lord Phumb, leader of the Conservatives in the European Parliament. He warned that orange juice prices would rise by 20 per cent if tariffs were not removed.

Britain is the second largest consumer of orange juice after Germany - in the EU. The 600m-litre market is worth around £800m of which about 60 per cent is long-life juice. The remainder is freshly squeezed juice from Florida, which is processed in a different way from the premium end of the market which uses Valencia oranges. There are very few other markets in the EU for packaged, freshly squeezed

juice although a small part is sold in the Netherlands.

Vietnam trebles car import quota

WORLD TRADE NEWS DIGEST

Vietnam has more than trebled its annual quota for imports of cars, trucks and vans but has left that for motor cycles unchanged, the ministry of industry said yesterday. The sharp increase in the number of vehicle imports is likely to unsettle the 12 foreign manufacturers licensed to assemble and sell vehicles in the country's cramped market.

Hanoi will allow 20,000 four-wheel vehicles to be imported, up from 6,500 last year. Up to 350,000 motorcycles can be imported. The official did not say whether the total for four-wheeled vehicles consisted of finished items, partially assembled kits or both.

Foreign investors say the larger the amount of completed vehicle imports, the more difficult this will make sales of locally assembled units, Production of German BMW saloons at a plant near Ho Chi Minh City, for example, has been as low as one vehicle a day for about the last six months due to sluggish demand.

However, foreign investors are equally concerned that if the quota is mostly for kits and parts, this will be too small to satisfy demand from companies assembling vehicles.

Hanoi says it expects total annual vehicle demand to reach 60,000 by the year 2000 against industry estimates of 10,000 sold last year. Industry analysts view this as unrealistic, given

Dutch ban leg-hold fur imports The Netherlands said yesterday it had become the only member of the European Union to implement a 1991 directive banning the import of fur from animals caught in leg-hold

The EU decided late last year to delay the ban - which was due to take effect on January 1 - for 12 months so efforts could continue to try to devise an international set of rules on animal-trapping standards. But the Dutch decided to press
ahead with implementing the 1991 directive rather than wait.
Fur exporters from the US, Canada and Russia fiercely
oppose the ban, which they argue runs counter to World Trade
Organisation rules. The Dutch said they were satisfied the ban

was legal. "The directive was agreed in 1991 and we're simply going ahead with it," the Dutch agricultural ministry said. Animal rights groups have condemned leg-traps as unnecessarily cruel. Ronald van de Krol, Amsterdam.

■ Daewoo Electronics of South Korea is to build a \$100m electronics plant in Brazil to make television sets, video cassette recorders and other goods, including washing machines and refrigerators.

■ Ansaldo Trasporti, the Italian state-controlled transport engineering group, and Union Switch & Signal, its US subsidiary, have won a L25bn (\$15.68m) contract to supply signalling and automation systems for the new 2,500km Beijing-Kowloon railway. Andrew Hill, Milan

■ ZF, the German vehicle parts group, has set up a joint venture with Guangxi Liuzhou Machinery, the Chinese wheeled loader and hydraulic excavator producer, for the manufacture of powershift transmissions and axles. The DM100m (\$70m) venture, in which ZF will have 51 per cent, will be located in Liuzhou and make parts for the Chinese partner's machines. Andrew Baxter, London

Conoco of the US and two Canadian companies, Nova and Canadian Hunter, propose to develop a gasfield in the Burgos Basin in northern Mexico in co-operation with Pemex, the state oil and gas company. Robert Gibbens, Montreal

to haunt PM

By Gerard Baker in Tokyo

The first and toughest challenge for Mr Ryutaro Hashimoto, Japan's new prime

minister, is to persuade a hos-

tile public and a sceptical par-

liament to endorse the govern-

ment's plan, announced last

month, to spend Y685bn

(£4.2bn) on bailing out the

country's bankrupt housing

His task will be further com-

plicated by opposition attempts to blame him person-

ally for his involvement in the

circumstances that led to the collapse of those companies

under a pile of non-performing

The government has said

piling up their bad loans in

the first place will be pursued

ity. Some of that blame seems

certain to come uncomfortably

close to the prime minister's

The allegations against Mr

Hashimoto stem from his time

as finance minister between 1989 and 1991. When he took

office the "bubble" economy

was nearing its peak, with land and equity prices soaring.

loan compar

Win for Hashimoto lands him in power battle with ruthless strategist Ozawa Role in home

Japan stage set for clash of the Shoguns loan crisis set

apan's new prime minister, Mr Ryutaro Hashimoto, turned pale and broke into a sweat under the stony gaze of his chief rival, Mr Ichiro Ozawa, in the Japanese parliament yesterday.

The tension between the two carried an important message. Japan's formerly fragmented politics was yesterday simplified into a straight duel between them and, for the first time in recent history, between two distinct sets of policies.

Hashimoto, better known as a fearless international trade negotiator, is understandable. Victory in yesterday's parliamentary vote lands him in an open power battle with Mr awa, recently elected president of the opposition New Frontier party, who has promised to stop at nothing to bring Mr Hashimoto down.

As the results were declared. an impassive Mr Ozawa, a ruthless political strategist, bowed towards his foe, with a slightly sinister smile. Previously, Japanese politics had more to do with personality policies, the domain of bureau-

But now, economic analysts in Tokyo believe, the change of leader, from the ineffective Mr. Tomiichi Murayama and his performance against the opposition, may bring more political influence to bear on gov-

This is unlikely to prompt immediate change to the previous government's economic es of low interest rates and high public spending. But the Hashimoto-Ozawa fight. and thus the importance of their ideas, will intensify as they move towards a general election, possibly in the next business lobbies, trade unions

tary electoral system, to replace the old multi-seat system, adds to the pressure on politicians to woo support with

leas rather than patronage. The two shoguns' ideas, outlined over the past month in Mr Hashimoto's policy accord with his coalition partners and Mr Ozawa's campaign for leadership of the opposition, differ most clearly on the economy. Mr Hashimoto advocates

classical Keynesian pumppriming prescriptions in line with LDP policy since the 1950s, while Mr Ozawa goes for a supply side policy, based on tax reform and economic On that basis, economic analysts at Salomon Brothers and

J P Morgan in Tokyo believe that a long-lasting Hashimoto administration would mean continued caution on deregulation, with higher governm borrowing, a return to inflation and a consequent fall in bond prices. Yesterday's 1.1 per cent fall in Tokyo share prices was seen more as a reflection of Wall Street's price decline than as a judgment on Mr Hashi-

An Ozawa administration, by contrast, would go for faster deregulation tax reform and tighter control over the budget deficit. That would reduce business costs, to the benefit of large, mostly quoted, compa-nies able to increase profits at the expense of weaker competitors. It could also support bond

Mr Hashimoto's policies are explained in his book. A Vision of Japan: A Realistic Direction for the 21st Century. There, he calls for a "substantial" increase in publicly-funded infrastructure spending over the next decade, to bring Japan's overcrowded roads and cities up to the same standard as other industrialised nations. He is also, true to LDP tradition, a believer in only the gen-

JAPAN'S NEW CABINET LINEUP Party Rvutaro Hashimoto ΩP Prime ministe Wataru Kubo SOP Deputy PM, finance Yukihiko Breda Trade and industry Shumper Taukahara Ritsuko Negao* Elichi Nakao Non-MP LDP LDP SDP Construction Yoshiyuki Kamei Ichino Himo Posts and tele Takanobu Nacal Labour Acriculture Ichizo Ohara NHP LDP Health and welfare SOP LOP SOP LOP Environment Sukio Iwatare Management & co-ord Defence Science and technology Hideo Usui Hidenao Nakag Economic planning Hokkaido and Okinawa Shusei Tanaka Saburo Okabe Land Agency Kazumi Suzuki

tlest of changes to the economic status quo. The ruling coalition's policy accord, achieved early this week, contains no reference to deregulation, seen as vital by Japan's leading companies as a means to reduce their high costs and stimulate medium-term growth, but feared by small businesses as a threat to their

In his book, Mr Hashimoto voices concern about the initial loss of jobs that deregulation would bring, in line with the LDP sensitivity to its powerful retailing and agricultural constituencies. He also stresses the rise in unemployment and loss of economic power risked by a rise in imports, echoing Mr Hashimoto's legendary toughness against foreign trade pressure.

Mr Ozawa's economic recipes are radical by contrast. However, his shortage of ministe rial experience, with one cabinet post under his belt four, invites questions over his ability to carry out his programme if he were to win a general election.

Like Mr Hashimoto, the opposition leader believes in an increase in public spending, but only for five years, to provide jobs while economic deregulation is carried out, as explained in a manifesto for his election as NFP leader last

Mr Ozawa's policy plan calls for a tax system overhaul, to stimulate consumption and increase the share of tax revenues derived from indirect levies, needed to compensate for the erosion of the income tax base by a fast-ageing demographic profile.

The top income tax rate should be halved to 25 per cent and the corporate tax rate cut by five percentage points to 45 per cent, Mr Ozawa suggests. This would be funded by a rise in sales tax from the present 3 per cent to 10 per cent 10



Ryntaro Hashimoto is chosen as Japan's prime minister

his public spending pro-Mr Hashimoto also supports a rise in sales tax, but no more than that already planned, up by two percentage points to 5 per cent from April 1997.

Most people are betting that the LDP's policies will prevail for the time being. While a general election may not be many months away, the LDP leads the opposition in the opinion polls, by 43 per cent to the NFP's 19 per cent, accordbefore Christmas. Mr Ozawa will have to wreak

fearful damage on Mr Hashimoto, as he plans to do by exposing the new prime minister's part in the unpopular use of public money for the liquidation of collapsed housing loan companies, if he is to close the

gap.
But whatever the outcome, the Hashimoto-Ozawa battle will be the dominant theme of Japanese politics for the fore-

seeable future. The chaotic coalitions that succeeded the LDP's fall from power two-andby Mr Ozawa - are now giving

go away, Japan's Liberal Democratic party resurfaced in the top seat of government yesterday as a bewildered Japanese public asked itself how it had all happened.

Democrats. It was an historic event that

seemed to usher in a new era in Japanese politics. In the summer of 1993, following the defection of dozens of disaffected members and finding itself in opposition for the first time in 38 years, the LDP was pronounced in the throes of extinction. "A bloated

Rejection of the LDP at the cratic party.

willingness to throw to the winds everything they stood for and embrace the Liberal Democratic agenda gave the LDP a perfect chance to reas-sert itself with a vengeance. The rise of Mr Ryutaro Hashimoto to be LDP prime minister brings the party full circle. Yet, the return of the LDP was a result of circumstance rather than public choice, and resigned as they are to politics as usual, many Japanese can-

Though most Japanese had enjoyed the sense of prosperity it had given them, some officials in the finance ministry and the Bank of Japan, the central bank, were starting to express open concern. In the face of protests by Mr Hashi-moto, the bank raised interest

rates in December 1989. The principal worry was about the explosion of lending by banks and other financial institutions to highly speculative property projects. Throughout the second half of the 1980s, banks' property lending had increased at dou-ble digit rates annually, but in 1989 it reached a frenzy, grow-

ing by more than 30 per cent. In March 1990, Mr Hashimoto and his officials issued instructions to banks to curb their lending - they were required to keep the increase in property-related loans below the overall increase in their total lending. The move had an immediate impact on hanks' halance sheets. In 1990 the pace of real estate loan growth slowed to 3.9 per cent. and cooled rapidly in the next

But, what is remarkable, the instruction did not apply to all categories of lender. The most omission were the jusen. These companies had been established by the banks in the early 1970s as vehicles for lending in the growing hous-ing market. By the mid-1980s they were deeply embroiled in

The failure to include them in the ministry's instruction was a serious error. In the following year, while banks were cooling off their own lending to the property market, the jusen kept adding fuel to the

per cent, or another Y2,100bn. In less than three years their total exposure to the property market had doubled.

The finance ministry argue that it had implicitly included the jusen in the instruction because, in issuing guidance to the banks, it had also told them to curtail lending through their subsidiaries. But ministry officials acknowledge that the instruction could have

been more explicit. In fact the suspicion is that the jusen were simply used by some of the banks to continue the risky lending as a way round the ministry's stric-

Whatever was intended, in that period, the seeds of the those in office who falled to jusen collapses were well prevent the jusen, as the mortsown. Land prices began fall-ing in 1991 and financial instigage lenders are called, from tutions' bad debts began to pile up - most beavily on the and forced to take responsibil-.

But also damaging for Mr Hashimoto is that still no serious attempt was made to address the problem until after he had left office. It was

Some blame for the loans crisis seems certain to come close to the premier's door

not until November of that year, two months after Mr Hashimoto's resignation to take responsibility for a series of stock market and banking scandals, that the first real attempt to reconstruct the sagging companies was imple-

Mr Hashimoto's defenders will argue that his responsibility is no greater than those of other finance ministers. Several before him have been attacked for allowing the bubble economy to inflate, and his successors failed to tackle the jusen issue effectively until it

Other ministries will also come under fire for their failure to deal with the problem, most notably the agriculture ministry, which failed to stop the farmers' co-operatives lending to the jusen after other financial institutions had

But the difference is that none of those other officials and politicians is about to government's promise that all those responsible will be held to account is an acute embarrassment only to those who hold high office. And there is now none higher than Mr Hashimoto.

This week, the popular new magazines have begun their own witch-hunt for the culprits. With customary hyper-bole they have published lists of those they call "Class A war criminals" in the jusen debacle. It is, of course, Mr Hashimoto who tops every list.

imprint on US links

The relationship with Japan may be the most important in the US foreign policy firmament, but a long line of Japanese prime ministers in the

last 35 years has rarely placed much of an imprint on it. The tough positions that Mr Ryutaro Hashimoto, as minister for international trade and talks with the US last year has suggested to some on both sides of the Pacific he may

But US policymakers, who have had to deal with no fewer than eight prime ministers in the past eight years, are more impressed by his political lineage inside the Liberal Democratic party, traditionally associated with strong ties with Washington.

Mr Walter Mondale, ambassador in Tokyo, said on US television on Wednesday that Japan on the international

Mr Hashimoto is "tough and speaks up for Japan, but is a strong friend of the US relabargain he lives up to it".

The new prime minister might be of a new generation of Japanese politicians but was also "an old hand", with 33 years' service in the Diet. The same characteristics applied to Mr Hashimoto's great political rival, Mr Ichiro Ozawa, now opposition leader but also from the LDP school

Comparisons are freely made in Washington between Mr Hashimoto and Mr Yasuhiro Nakasone, prime minister in 1982-87, both relatively outspoken by traditional Japanese political standards and both as a result, far from popular with their domestic politi-

The US sees Mr Nakasone's merit as that he tried to put

political map, invariably in support of US interests and policies. Similarly, Mr Hashimoto, when finance minister in 1991, took an initiative welcomed in Washington in obtaining approval for the help underwrite Gulf War

Mr Nakasone was also receptive to US pressure to open the always successful in implementing change. The same hope attaches to Mr Hashimoto, but with the realisation that his main challenge, reinvigorating the Japanese economy, is different.

Mr Hashimoto heads a government whose natural order has been restored with the departure of Mr Tomiichi Murayama, the socialist leader dependent on his party's old adversary, the LDP. Recent weak coalition governments in

New premier may put LDP's return to power leaves voters bewildered

Like an irritant that refuses to

Just two-and-a-half years ago, the LDP, which had governed Japan uninterruptedly for nearly four decades, had been voted out by a disgruntled electorate and replaced with a coalition united only in its opposition to the Liberal

widely-read weekly magazine. Mr Kaoru Yosano, an LDP parliamentarian, noted at the time that his colleagues were worried that by the time they start to think about becoming ministers, "the LDP may already have ceased to exist"

ballot box was greeted as an unambiguous sign that voters anted change. Fed up with factional struggles and the backroom deals that marked the LDP, the public believed that by voting for a new set of liberal conservatives they were ushering in an age of open, responsible government in which policy really mattered. Never mind that the new conservatives were LDP defectors, they were younger and assumed a modern and more

straightforward style. Meanwhile, the LDP. discounted by the media as an

went through an agonised period of soul-searching.

It was not allowed much time for self-examination. Before any transformation of

old-style LDP politics could begin, the party found itself back in power in an improbable coalition with its long-time opponent, the Social Demo-What is more, the socialists'

not shake off a nagging feeling anachronism, dejected but that they have been duped flames. Their lending

ASIA-PACIFIC NEWS DIGEST

Singapore push for 'first league'

Singapore yesterday outlined plans to pursue an aggressive regional investment programme as part of a broader strategy to join the "first league" of developed nations by the year 2000. The city-state, officially classified as a developed country this month, maintained its ranking as the fifth biggest investor in China last year, and was second in Thailand and Burma. According to figures released by the Economic Development Board (EDB), the agency overseeing the "regionalisation" thrust, approved Singapore investments in China totalled US\$1.6bn in the six months to last June. Singapore has jumped to the eighth largest investor in India,

with \$80m in investments in the same period, the EDB said. The RDB was poised for more co-investments with multinational companies in the region this year, while continuing to assist outward-bound home-grown companies through tax incentives, capital infusions and investment guarantee schemes. Mr Chua Taik Him, director of nternational business development, said the regionalisation efforts were growing in tandem with domestic investments, Allaying earlier fears that the outflow of capital would result in "hollowing out" of the local economy. Reuter, Singapor

HK 'has greater freedom'

Citizens of Hong Kong have greater freedom to engage in economic activities than the citizens of any other country, according to a study by 11 free-market think tanks around the world. The study involved compiling an index of economic freedom from 17 components. These include the ability to hold foreign currency, capital mobility, marginal tax rates, inflation variability and the extent of subsidies and transfer payments. After Hong Kong, the next most "free" countries are New Zealand, Singapore, the US, Switzerland and the UK, based on the average value of their freedom indices between 1993 and 1995. The least free are Somalia, Zaire, Iran and Algeria. The authors argue that those countries which rank highly in terms of economic freedom tend to enjoy stronger economic growth than those further down the scale. The study also shows the average index for economic freedom across the world has risen in recent years. Robert Chote, Economics Edit. Economic freedom of the world 1975-95; James Gwartney et al, Robert Chote, Economics Editor Institute Economic Affairs, 2 Lord North St, London SW1

Malcolm Rifkind visiting the Great Wall of China yesterday according sustained dialogue" with Bei-

By Tony Walker in Beijing and Bruce Clark in London

Mr Malcolm Rifkind, UK foreign secretary, yesterday

hailed as "very positive" his three days of talks in Beijing with Chinese leaders, including a meeting with President Jiang Zemin. But sharp differences remain

over such issues as China's plan to dissolve Hong Kong's legislative council after Beijing takes over the territory in 1997. The two sides are also at odds over Governor Chris Patten's role in the transition. Mr Rifkind said vesterday

that despite differences, his meetings with Chinese officials had helped set the stage for a further improvement in Sino-British relations, particularly over Hong Kong. There is a desire on both sides to look to the future rather than look back," he said. In a speech in Edinburgh

today, devoted to UK relations

with east Asia. Mr Rifkind will

commit himself to a "firm and

jing over humanitarian issues, which would stress the desire of many countries for substantial improvements in China's human rights record. But he will also stress the

Rifkind hails Beijing meetings

huge potential importance of commercial links with China. and welcome the fact that during his visit, Chinese leaders went out of their way to assure him of their commitment to Hong Kong's autonomy. China has said the territory's Legislative Council will cease

to exist after the 1997 takeover. It has also refused to talk to Mr Patten since he unveiled proposals in 1992 to extend the democratic privileges of Hong

Mr Rifkind said he was satisfied with his discussions on such vexed issues as the further expansion of Hong Kong's port.

China had delayed approval for the construction of extra container facilities because of its objection to the involvement of Jardine Matheson, the

Mr Rifkind said companies engaged in the project were reviewing the composition of the consortium formed to build Container Terminal 9, but he would not be drawn on details. Britain still needs to be "at the heart of the debate" over

The foreign secretary received a sharp rebuff over his request that China reconsider its decision to disband the 60-seat LegCo. Mr Chen Jian, China's foreign ministry spokesman, said the decision was "non-negotiable".

He also appeared to discount the possibility of a renewed dialogue with Mr Patten, saying: "The return of Hong Kong is a matter for the Chinese and British governments: parties involved in any talks should be China and Britain."

President Jiang Zemin assured Mr Rifkind that China would grant Hong Kong a "high degree of autonomy". "We are full of confidence about the long-term prosperity and stability of Hong Kong," he declared.

growing importance for Britain country recently visited by Mr Michael Portillo, the defence secretary.

But he will also argue that

Europe in order to pursue these and other global interests successfully. Simon Holberton adds from Hong Kong: Hong Kong's transfer to China next year will be a great success, Mr George Bush, the former US

president, told an audience of

Hong Kong business leaders last night.
"China will show the world," Mr Bush said in what was the most optimistic assessment of the transition in years. His upbeat prediction comes at a time when the tone of British government comment on the handover has turned negative. Mr Bush was obliquely critical of British policy towards Hong Kong, observing, "You

don't have to create an ideal-

ised western democracy over-

backed Mr Patten's democratic secretary will underline the

Australian jobless figures dent interest rate hopes "Together with recent relatively aberrations and suggested that the

By Nikki Tait in Sydney

Prospects of an early interest rate cut in Australia receded yesterday after December employment data showed the country's jobless rate fell to 8.1 per cent from 8.6 per cent in the previous month. This is the lowest level enjoyed by Australia since December 1990, and the fall in the number of unemployed (52,300) was the largest

on record. The estimate of total employment rose by 4,900 during the month, following a 112,100 increase in November. The labour market improvement was much stronger than private-sector economists had been forecasting. Many had expected a fall of around

buoyant indicators of domestic demand. [the data] suggests economic conditions in Australia are stronger than previously expected." Société Generale Australia said. The sharp drop is a plus for the federal government, which must go to polls in the first half of this year. Although some forecasters warned about statistical

unemployment rate would probably rise slightly in the next couple of of a stronger-than-expected economy. Minsters were quick to seize on the

740,000 jobs created and our election commitment was for 500,000 jobs," months, yesterday's jobs numbers said Mr Simon Crean, federal employwere generally seen as an indication ment minister. However, economists generally concurred that any chance of a pre-election interest rate cut numbers. "This unemployment which would be popular among mortrate...confirms the strength of the rate...confirms the strength of the gage-paying voters - had now virtu-government policies over the last ally disappeared

São Paulo's top bank reverts to state control

By Angus Foster in São Paulo

The Brazilian state of São Paulo yesterday won the right to take back control of its largest bank, Banespa, after the central government gave up hopes of seeing the troubled institution privatised.

Banespa, which has been under central bank administration since December 1994 because of liquidity problems, will revert to state government control once a complex restructuring programme is approved by the federal and state legislatures. Approval could take a couple of months to finalise but is expected to be

São Paulo's Governor Mário Covas, a close ally of President Fernando Henrique Cardoso, said the agreement was "the best solution to a number of problems" related to the bank. Mr Covas had refused to bow to demands to sell the bank, claiming it remained viable in the public sector.

But private sector bankers were unhappy with the accord, believing the links between politicians and state banks continue to threaten the banking system's health. The agreement, which represented a defeat for the central bank, also triggered rumours of dissatisfaction among its senior directors.

Under the agreement, São Paulo will swap about half the Reals 15.1bn (\$15.6bn) debt it owes to Banespa for new federal debt issued by the national treasury, which carries a longer maturity and lower interest rates. The other half will be paid off with money raised from transferring three airports and São Paulo's railway system to the federal government. São Paulo will also assume part of Banespa's

pension liabilities. São Paulo will offer 51 per

cent of Banespa's shares and the state's value added tax receipts as guarantees for the federal debt. The state must also install and maintain pro-fessional management in the bank and streamline it to compete with the private sector. For example, Banespa is widely viewed as being overstaffed, partly with political appointees, and having an

xcessive branch network. Mr Covas admitted the agreement could not prevent his successor using the bank for political ends, as happened with his two predecessors, which triggered many of the bank's problems. "That's democracy. If people make the wrong choice at elections, they pay," he said.

Private sector bankers are dismayed at the decision

The cost of the deal to São Paulo will be about R\$63m a month in the first year. This includes about R\$40m of interest and debt costs on the newly issued federal debt, and about R\$23m in assumed pension liabilities. The debt cost will rise over the period of the 30-year paper to reach R\$50m a month in the final year. São Paulo will receive

R\$3.6hn immediately from the transfer of its railway system, known as Fepasa, although this total is subject to review. The central government is preparing the rest of the country's rail network for privatisation and believes it can sell Fepasa more effectively. However, the network is a heavy

to prepare for sale.



Clearing up in Manhattan (left) after heavy snow storms wreaked

Blizzards in US could cost insurers less than \$1bn

By Raiph Atkins, Insurance Correspondent

Blizzards which have paralysed large parts of the US in recent days may cost insurers less than \$1bn, according to preliminary estimates by

industry experts. The snow storms have been plamed for at least 100 deaths and forced most schools and businesses in affected areas to remain closed until Tuesday, paralysing airports, trains, buses and cars. Mr Jim Welsh, senior claim

consultant at Property Claims Services, the US insurance information organisation, said

weather was likely to amount to "a moderate level catastrophe" for insurers, provided there is no fresh outbreak of blizzards on a bigger scale. Although accurate figures

vesterday that the severe

would not become available for some weeks, Mr Welsh said insured losses were likely to be lower than those caused by violent snowstorms in 1993 which hit 20 states and cost

Losses are likely to have been moderated because the snow has been light and powdery, resulting in less damage than is caused by heavy, wet snow. The 1993 storms, which ranked as the US's fifth most costly catastrophe, were also accompanied by high winds and coastal flooding. Nevertheless, some 17 states

from Indiana to the US east coast and north to New England have been badly hit by snow storms this month. Damage has been caused by collapsed roofs and burst pipes. More detailed estimates are expected from PCS next week.

The relatively light losses will be spread across a number of insurers in the US and overseas, including in the UK, limiting the overall burden borne

Many federal government workers returned to work through Washington's slushfilled streets yesterday after a three-day snow-enforced absence prolonged the threeweek politically inspired par-tial government shutdown.

The capital's subway system operated shortened trains, with a third of carriages reportedly still being dug out of snow-buried yards. Philadelphia schools were

closed for the fourth consecutive day yesterday and most schools were still Boston closed. Weather forecasters warned that more snow

Fresh blow to Argentina's ruling party

By David Pilling in Buenos Aires

Argentina's governing Peronist party received a fresh blow resterday when the high-profile and popular Mr Gustavo Beliz, former interior minister under President Carlos Menem, quit the party.
Mr Beliz, for several weeks

involved in a bitter public argument with Peronist officials over the party's selection of a candidate for mayoral elections in the federal capital of Buenos Aires, said he would not join another political group but would seek to rally independent supporters.

Mr Beliz, a close ally of Mr

Domingo Cavallo, economy minister, was blocked by the traditional wing of the Peronist party from becoming its mayoral candidate. Mr Beliz's sup-port for Mr Cavallo and his often truculent attacks against corruption lost him favour with many of the Peronist old guard who are suspicious of the neo-liberal policies being orchestrated by the economy

ministry.
The position of Buenos Aires mayor, to be elected by popular vote for the first time, will be one of the most powerful in the

Speculation had been rife that Mr Beliz would join the Frepaso centre-left alliance. whose two main leaders Mr José Octavio Bordón and Mr Carlos "Chacho" Alvarez are also Peronist defectors. But his transfer to the alliance was effectively stopped by Mr Alvarez, who said Mr Beliz could not become Frepaso's mayoral candidate either.

Mr Beliz had little option but to leave the Peronist party. whose control of political institutions is almost unchallenged. after be launched a fierce attack against Mr Menem for failing to convene mayoral elections in 1995 as foreseen in the new constitution. He accused the Peronists, who are not likely to win the mayor-ship in the middle-class-dominated federal capital, of deliberately stalling the electoral process and of cheating the population of its constitutional

Mr Eduardo Bauza, cabinet chief, said Mr Beliz's departure would not affect the Peronist party. But Mr Beliz's parting words, indicating that he did not want a country run by corrupt officials and drug traffick ers, are likely further to sully the already tarnished image of the governing party.

Governor's package includes a 15% cut in personal and business taxes for Californians

Wilson woos voters with budget sweetener

By Christopher Parkes in Los Angeles

Californians have been offered a 15 per cent cut in personal and business taxes as a sweetener in an unexpectedly expansive 1996-97 budget package unveiled by Governor Pete Wil-

Drawing on last year's surprise \$1bn surplus from revenues garnered thanks to the strong economic recovery, Mr Wilson proposed an immediate loss-maker and will take time

redistribution of \$500m in this year's tranche of his three-year plan to bolster enterprise and private consumption through reduced state taxes. He claimed his project,

which includes extra incentives to bolster specific industries including computers and biotechnology, would cut the total tax burden by \$11bn by the end of the decade. However, plans to cut wel-fare payments and environ-

mental protection budgets, and

increase spending on prisons by almost 11 per cent while education is offered a rise of less than 5 per cent, are likely to stir resistance and delay approval by the state govern-

Even Mr Wilson's tax concessions came under immediate fire from Democrats aggrieved at his continued attack on the welfare system, which has already suffered cumulative cuts of some 20 per cent in his five previous budgets.

But he defended his propos als, which included \$8bn in bond issues for building more prisons, education facilities and environmental projects, as a reflection of California's principal concerns: public safety, public education and improving the business climate.

Despite his apparently lavish mood, Mr Wilson's \$61.5bn package represented a relatively modest spending increase of only 2.4 per cent over 1995-96.

Educationalists, accustomed to being squeezed, welcomed a proposal to freeze university tuition fees and raise spending on higher education by 4.5 per cent to \$6.5bn.

The 3.3 per cent increase proposed for spending on junior schools was criticised as adequate only to maintain current standards, aiready eroded by previous spending squeezes. The governor's proposal for a \$3bn bond issue to finance school and university building is expected to be one of the few elements approved without a dour battle. More dissent can be expected over his request to raise \$2.2bn to build six new state prisons, which has already been rejected in the

past two budgets.

Expenditure on adult jails has already increased more than 15 per cent since the state's policy of imprisoning three-time criminal offenders for 25 years to life was introduced two years ago.

NEWS: INTERNATIONAL

S Africa may ease exchange controls

By Roger Matthews

Sustained capital inflows to South Africa last year and the Reserve Bank's announcement of a strong improvement in gross foreign reserves in December have heightened speculation that a further relaxation of exchange controls is likely within the next two

The December figure showed gross foreign currency and gold reserves had risen to R15.68bn (\$4.3bn), an increase of R2.24bn over the previous month.

Although this represents only a little more than six weeks imports, the elimination of short-term foreign liabilities during the final quarter of last year suggests that the reserves

Mr Chris Stals, governor of the Reserve Bank, said the December figure was even better than it appeared because of seasonal factors which normally saw reserves dip as

investors repatriated dividends

and profits. Mr Stals and Mr Chris Liebenberg, minister of finance, are due to meet shortly to discuss macro-economic strategy before the March 13 budget, heightening speculation that the easing of foreign exchange controls is high on the

The government last year announced the abolition of the financial rand, the two-tier currency system used to block foreign capital outflows, five days before the introduction of a

Although Mr Liebenberg has said that the government may narrowly fail to hit the deficit target of 5.8 per cent of gross domestic product, he is likely to announce a more ambitious objective in the next financial year, perhaps as low as 5 per cent of GDP.

The two most likely beneficiaries when exchange controls are further eased are South African institutional investors. which manage an estimated R500bn, and those companies seeking investment opportunities in the country's neigh-

bours. Last July Mr Stals allowed insurance companies, pension funds and unit trusts to invest a portion of their assets over-seas through "asset swaps" March budget committed to a

will continue to strengthen. reduction in the fiscal with foreign companies, and South Africa said that eventual permission for cash allocations would depend on the level of overall

The Reserve Bank has also adopted a more flexible policy towards applications for acquisitions in African countries where the sums involved have generally been small. However. a more general relaxation of controls for companies seeking wider international investments appears unlikely at this

South Africans who have emigrated, but whose funds are blocked, are the third category hoping for some relief.

Mr Stals and Mr Liebenberg have warned repeatedly that more than 50 per cent of the foreign capital inflows are short-term, and while the gov-

Total gross foreign reserves, Rion

94 95 1983

ernment remains committed to trols, it has ruled out the "big bang" advocated by some industrialists and private sec-

on bail

By Michael Holman

Mr Adams - who was due

to be a statement or speech issued by one of the leaders of the local Ogoni community at ing trip to the area.

been released, and are most grateful to all those who assisted.

Residents of the oil-produc-

ng region have been protesting against pollution, and demanded a greater share of the oil revenue. Nine Ogoni minority rights activists. including author Ken Saro-Wiwa, were hanged in November, after being found guilty of murder of four chiefs. The trial was widely criticised as unfair. and the executions provoked international condemnation. According to Nigerian law, possession of seditious material is an offence that carries

viction. His release follows representations by the British government and diplomats at the High Commission in Lagos, as well as leading Nigerians, including diplomats, former politicians and senior businessmen, who made clear their concern about Mr Adams' deten-

the military government. cial Times since 1993.

Zeroual ready to cash in on extremist feud

The declaration of war by one Algerian Islamic faction against another has highlighted a widening rift among militants locked in a bitter struggle with government forces since 1992.

While the result may be costly in lives, disarray in Islamic ranks may speed renewed contacts between the government and the Islamic Salvation Front (FIS), the banned political party that was poised to win elections in 1992 before they were cancelled by

the government. The extremist Armed Islamic Group (GIA), responsible for the highly-publicised bomb attacks in Algerian cities and believed to have been infiltrated by security forces, has declared war on the Islamic Salvation Army (AIS), the armed wing of the FIS.

This follows accusations by the FIS that the GIA is responsible for killing FIS leaders. It also follows conciliatory FIS statements towards President Liamine Zeroual and govern-ment reports of hundreds of Islamic militants - and even some FIS leaders - giving themselves up to the authorities, in response to a presidential promise of clemency.

Although the GIA and the FIS have been at each others' throats for months, the November presidential election won by Mr Zeroual has heightened the tension. The election cemented the

view that the Algerian government would not be toppled by the Islamists, though the resurgence of violence after the election illustrated that Mr Zeroual still had to work towards national reconciliation. Soon after the election, political analysts began renewing their calls for negotiations with the FIS.

Mr Zeroual, however, has been in no rush to act. Algerian officials say the election has strengthened his position. allowing him to wait for his opponents to disintegrate and for the FIS to move towards a rejection of all forms of violence, thus removing the later this year.

young militants' political justification for maintaining the

struggle.
If the FIS is to be brought back to the political fold before legislative elections promised by Mr Zeroual for later this year, say Algerian officials, it has to be on Mr Zeroual's terms. In the meantime, he can claim to his people and to the west that he is open to Islamists. Last week he appointed three moderate, government friendly, Islamists to cabinet posts: a dissident FIS cofounder and two others belonging to the party Hamas, a FIS rival which took part in the presidential election.

The FIS, already decimated by the jailing of its leaders and by government efforts to sow rifts among its leadership, suffered a further blow in the election when its calls for a boycott were ignored (only partly because supporters felt pressure from the government to vote). The election marked a similar setback for the GIA. whose threats against going to the polls were also ignored.

At the same time, the strength of the FIS armed wing has become increasingly difficult to gauge, given the Algerian government's tight grip on security information and on the press. As the government would like Algerians to believe, the violence in the country, which has claimed more than 40,000 lives so far, appears now to be predominantly the domain of the GIA which is dominant in Algiers. where it wages a war of urban terrorism.

Mr Rabah Kebir, the FIS leader in exile in Germany, has played his part well since the November election. Realising that the message from the election is that people are fed up with violence, he has begun to condemn terrorist acts by the GIA, to dispel notions promoted by the authorities that the Islamist movement is purely a terrorist one. Such measures of house cleaning, it is hoped, can put pressure on the president to reintegrate the moderate wing of the FIS into the political game by the time legislative elections are held

Old loyalties fade in Palestinian poll The intifada generation demands to be heard. Julian Ozanne reports

n the afternoon drizzle a group of independent can-didates try to explain to cautious Palestinian voters in a small village near Nablus why they should vote against the official list of candidates put forward by Mr Yassir Arafat's Fatah faction of the Palestine Liberation Organisation. It is not an easy task because

Nablus, a bustling commercial centre on the West Bank, is a Fatah stronghold and, according to many political scientists, a heartland of traditional attitudes and political behaviour. Mr Arafat has counted on Nablus keeping with tradition but conventional attitudes are being challenged by 54 candidates vying for eight seats in the 88-member legislative council to be elected a week

tomorrow. Dozens of independent candidates like those out campaigning yesterday from the Freedom and independence bloc are defying the customary political dominance of the ruling Palestinian families, the older generation and Mr Arafat himself. Younger candidates who forged their politics on the anvil of the Palestinian intifada, the uprising against Israeli occupation, are standing against the older generation. Many of the intifoda activists



learned much from observing Israel's plural democracy and they are determined not to settle for a traditional authoritarian Arab regime.

The results in Nablus may well be a bell-wether of the extent to which Palestinian political culture has changed during 28 years of Israeli occupation and the six-year inti-

lt may be Mr Arafat who gets the biggest shock. The vet-eran Palestinian leader overturned local Fatah primaries in Nablus which had elected a list of largely young activists. Instead he drew up his own list which included representatives of Nablus's big families.

Among them was Mr Maher el-Masri, a leading figure in the large and wealthy family that once dominated Nablus politics and commerce. Mr Ghassan Shaker, another prominent Nablus family head and the city's former mayor, is also a leading Fatah candidate.

he intifada generation candidates are deeply critical of the way the Mr Arafat selected his list and the way he runs Fatah and the PLO. "The old leadership of Fatah

think they are gods and choose the list according to their own wishes," said Mr Husam Khader, a candidate for the Freedom and Independence bloc whose election to the official Fatah list in third place was rejected by Mr Arafat. "We want Fatah to be a modern democratic political party and we are offering the voters a choice between a fresh intifada leadership who can criticise the leadership and say no sometimes - or staying with the old guard, the old ways and

the yes men." Mr Nader Sa'id, a Nablus based Palestinian sociologist. said that in the last elections in Nablus - to the Jordanian parliament in the 1950s - family had been the overwhelm-

three or four of them towering above the rest. But Israeli occupation and the politicisation of Palestinians during the uprising had broken down the influence of

family and clan. Furthermore, Palestinian families no longer operate the way they did and many are deeply divided. In Nablus, for example, three members of the el-Masri family are running on different tick-"Family and clan is not

enough to get a person elected any more," he said. "The family has lost power and significance and it is now just one political resource. There there are new variables in Palestinian politics such as political affiliation, religion, age, what one did during the intifada, whether one struggled and suffered under the Israelis and one's personal record." However, the picture is com-

plex because many of the candidates from leading families are political figures in their own right. Furthermore, the first-past-the post electoral system chosen by Mr Arafat tends to accentuate local, clan and traditional interests at the expense of national interests particularly given the boycott of opposition parties, most

ingly dominant factor with notably the Hamas Islamic group.

Mr Khalil Shikaki of the Nablus based Centre for Pales-

tine Research and Studies, says Mr Arafat intentionally choose a majority system rather than proportional representation because he knows it will be easier to manipulate. "Arafat would rather deal with much less organised

groups like family, clan and localised interests than with modern organised political forces like Hamas. That is also why he tried to marginalise Fatah by overturning the primaries. He has always shown he knows how to use and manipulate individuals and local interests to legitimise his policies," he said.

r Shikaki believes that, in the absence of a strong choice between Fatah and an organised opposition, the electorate in Nabhıs and elsewhere will vote for official Fatah candidates and the traditional fami-

But as all political observers in Nablus admit there is little political or sociological research on which to base a solid analysis for the first nationwide Palestinian elec-

Nigeria frees FT journalist

Mr Paul Adams, the Financial Times Nigeria correspondent who had been detained since Thursday last week in the south-eastern oil city of Port Harcourt, was yesterday released on bail.

back in Lagos last night – appeared in the local magistrates court in the morning, where he was charged with possession of seditious mate-The material is understood

a rally in the town of Bori. where Mr Adams was arrested last Thursday during a report-Mr Richard Lambert, Editor of the FT, last night said: "We are delighted that Paul has

"We will vigorously contest any charge. I have no doubt that he was acting in a thoroughly responsible and professional manner."

up to two years in jail on con-

tion in private contacts with Mr Adams, 88, has been based in Lagos for the Finanplace for a lift truck factory"

would eventually have its own

range of ICE trucks built in the

UK, but the German company

now. It was constrained, said

Mr Schmohl, because of an

existing agreement under

which Yale Materials Handling

of the US made ICE trucks for

Jungheinrich to sell under its

own name, but only in parts of

minated, and an interim

arrangement will continue

until 1997. By then, the expansion at Boss, which is due to

double production capacity,

will be completed. The new

Jungheinrich range should

Mr Schmohl said Junghein-

rich wanted to become a global

player in lift trucks, and

needed to have its own range

of ICE trucks which it could

had to do this," be said.

MINISTER OF PRIVATISATION

OF THE REPUBLIC OF POLAND

INVITES TO NEGOTIATIONS

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rmation of receipt not later than on Jazzuary 31st, 1996, 4 p.m. of the

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then be ready for production.

That deal has now been ter-

refused to comment until

Jungheinrich switches supply from US companies

Boss Group, the manufacturer of lift trucks, has won another vote of confidence from Jungheinrich, its owner, by clinching a deal to design and manufacture a new range of trucks for the Hamburg-based company.

The agreement further underlines the importance of the UK as a manufacturing site panies, particularly German groups whose exports have been hampered by the strong D-Mark and high domestic

It joins a growing list of such arrangements between UK producers of off-highway equipment and their counterparts in countries with strong curren-

The announcement from Jungheinrich was accompanied by praise from Mr Hans-Peter Schmohl, its new chairman, for the UK as a manufacturing centre and the progress made by Boss since it was bought out of receivership by the German group in May 1994. "The UK is the best place in Europe for a lift truck factory," he said in his first interview since becoming chairman on Janu-ary I. "We have a very good staff there, and a good situa-tion internally, with manufacturing focussed on assembly." The deal coincides with a sudden dip in the German mar-

ket for lift trucks which. Jungheinrich said last month. had worsened conditions there for manufacturing. The new arrangement finally explains why Jungheinrich was so keen to buy Boss, formerly Lancer Boss, and why,

last autumn, it approved a £10m (\$15.4m) investment package aimed at turning the Boss manufacturing site into a world-class producer of lift

Boss specialises in trucks powered by internal combustion engines (ICE), while Jungheinrich makes batterypowered trucks. The two serve

Company's share capital less:

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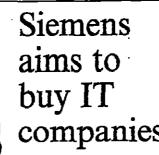
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By Stefan Wegstyl, Industrial Editor

The British offshoot of s, the German electron ics and engineering group, plans acquisitions in the information technology industry. Mr Ju"rgen Gehrels, chief executive of Siemens' UK operations, said yesterday that, even though the com-pany had grown fast, it needed to make acquisitions in maring information technology. With information technology sales of £208m (\$320m) last year, Siemens had a small share of a UK market worth £10bn a year.

The company's acquisitions last year included a controlling stake in a telephone Hans-Peter Schmohl: "best switchboard maker from Mercury Communications, the mainly different markets, with and investments in two former British Rail maintenance depots in partnership with electric trucks used in warehouses and ICE trucks used Babcock International, the Industry observers have speculated that Jungheinrich

ngineering group. Siemens UK last year posted turnover of £1.29bn, marginally down on 1994, when the company benefited from large power station orders. Excluding such projects, said Mr Gehrels, turnover rose over 20 per cent.

The market for electrical engineering and electronics grew by 5 per cent to 6 per cent last year and should grow by a further 6 per cent in 1996, said Mr Gehrels. Siemens believes its own sales will grow faster than this, particularly after 1997 when its microchip plant in north-east England comes on stream. Mr Gehrels forecasts that turnover will double in the next

Mr Gehrels saw little sign of the slowing in exports reported by other companies. He predicted a 20 per cent increase in exports this year from £267.8m in 1995.

sell worldwide. "Buying Boss was one of the last chances we He added that the British government's privatisation policies had contributed to Sie-Management, Page 16

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12

Northern Ireland Mitchell reports 'decommissioning' progress to prime minister Major

Drive to end weapons deadlock stepped up

Chief Political Correspondent

Mr John Major last night met the three-man international commission on Northern Ireland amid possible signs of a more flexible approach by Sinn Féin towards the handover of

paramilitary weapons.

The prime minister was briefed in London by former US Senator George Mitchell on the progress his panel is making as it prepares to deliver its final report to the governments of Britain and the Republic of Ireland next week.

The British government reacted cautiously to the release by Sinn Fein, the political wing of the Irish Republican Army, of its formal submission to the Mitchell team. A

Death threats against 15 people in Northern Ireland are "a dangerous attempt to emnlate the IRA's tactics." the Ulster Democratic party, a small political group close to anti-nationalist paramilitary groups, said yesterday. An organisation calling itself the Protestant Action Force has

ordered 14 men and one

senior government official said Mr Major had been told of its main points and had found them interesting. In Dublin, the 29-page docu-

ment was given a more vigorous welcome, with officials of the republic's government indicating that Sinn Féin might be prepared to tackle head-on the vexed issue of how

woman to leave Northern Ireland with the warning that they are "on a death list". It accused them of violence and drug dealing.

The party said eradicating drugs could be done only by legitimate methods. The IRA has been accused recently of killing several men allegedly linked to drug dealing.

arms might be handed over. Meanwhile, after initially welcoming the Sinn Fein sub-mission, Mr Ken Maginnis reversed his line yesterday. Mr Maginnis is security spokesman for the Ulster Unionist party, the largest pro-British party in Northern Ireland. A statement said to have

been issued on the instructions

tants in England and Wales for

failing to supervise Mr Young's

activities. It was also alleged that another former chairman

of CKL invested with Mr

Young and gave a reference for

him as an investment man-

ager. The former chairman was Mr Bengt Bangstad, head of the Swedish member of CKL.

The opening statement for Clark Whitehill and Kenneth

Leventhal & Co argued that CKL was an association of

independent accounting firms

nd not a partnership itself.

CKL never said Mr Young could take investment funds

and they were not aware he

did. "They were unaware or

his activities which he carried out in a private and personal

of Mr David Trimble, the party leader, said: "While Ulster Unionists were happy to welcome earlier indications from Dublin that Sinn Féin/IRA had altered its position on the decommissioning of its illegal weapons, it is now becoming clear that nothing has changed. It doesn't add up to anything. They're avoiding the issue of immediate decommis-

Mr Mitchell moves on to Dublin for talks with the republic's government today. He will then go to Belfast for meetings with the main parties in Northern Ireland.

For the first time, Sinn Féin has made clear it is prepared to discuss the British agenda on decommissioning weapons. Its paper to the Mitchell panel dis-

the UK government during negotiations last May for the removal of IRA weapons. These included destruction of weapons by those in possession of them. Originally Sinn Féin said

ruled out any discussion of British terms for decommissioning. But in its submission to the Mitchell panel, Sinn Féin suggested that "as part of a peace settlement, the disposal of arms by those in possession of them is a method which may find acceptance. It also indicated that the IRA

might be prepared to allow an independent third party - per-haps the Mitchell commission itself - to witness the destruction of its weapons by its own

Investors demand \$31m

All members of a leading international organisation of accountancy firms and compa-nies were liable for a fraud in which investors lost heavily, it was alleged yesterday in the High Court in London.

lished by the court it would dismay leading global accountancy organisations which have always fought to restrict their legal liability within

seeking up to £20m (\$31m) in damages from Clark Whitehill and Kenneth Leventhal & Co, the US and UK members of the international organisation at the time of the fraud, and Bangstad Revisionsbyra, the Swedish member.

The court heard that the UK firm and US company are being sued on their own behalf and as representing all members of Clark Kenneth Leventhal from its formation to 1990 - except for the Swedish member – which is being sued separately. All the defendants contest the claims.

Mr Nick Young, a former

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international organisation, was jailed for four years for fraud in 1991. He claimed to be investing money in offshore trusts with a high rate of return, but actually spent it on a system he had devised for betting on horse races.

It was alleged in an opening statement that the defendants were negligent and "vicari-ously liable" for the fraud committed by Mr Young. "It is sub-mitted that Clark Kenneth Leventhal carried out a single business and carried it on as a

It was alleged that Mr Young had met his clients in the offices of Clark Whitehill in central London, and had paid his employers £750 a month for the use of office facilities for private client work. The court heard he had access to headed notepaper and telex machines without which he could not have run his scheme. He was able to operate with the "appearance of the knowledge and support of CKL and Clarke Whitehill . . ." The court was told Mr Young was an "accom-plished confidence trickster".

capacity." Each of the plaintiffs knew this, claimed the statement. "Each knew that he was investing his money with Mr Young personally." Neither CKL not Clark Whi-

tehill owed any duty of care to the selected plaintiffs in relation to any financial loss which they might suffer from their dealings with Mr Young," said the statement. Neither CKL nor Clark Whitehill was negli-

UK NEWS DIGEST

Central bank revises rules



The Bank of England, the UK central bank, has issued new guidelines for spotting a bank in trouble. They are intended to avoid another collapse like last year's failure of the Barings merchant bank. The central bank said it would pay closer attention to banks which face a significant risk because they derive an COLLAPSE unusual proportion of their profits from a single product group or overseas operation. Its comments were in a report on its response to recommenda-

tions from the Board of Banking Supervision for changes in the way it oversees banks. An operation will be regarded as significant if it involves more than 5 per cent of a group's regulatory capital, or generates more than 5 per cent of its gross revenues or group profits. If an authorised bank has a financial exposure to another part of the group of more than 10 per cent of its capital, that will also be regarded as signifi-

Had all this been in place last year, it would have been expected to catch a problem such as the rapid build-up of advances from the Barings group to its Singapore trading operation. By February 24 last year, when Barings told the Bank of England of its problems, these loans totalled more than twice the reported capital of the Barings group. George Graham, Banking Correspondent

Bond issue ruled out



The French and British governments ruled out a plan by Burden tunnel, for a government tor of the Channel tunnel, for a government guaranteed bond issue to solve its financial crisis. The statements came after it emerged Wadnesday that Eurotunnel had asked both

governments to guarantee a bond issue to help refinance its £5bn (\$12.3bn) debts on which it suspended interest payments The French finance ministry said: "This is a private operation and we operate on the principle of non-intervention." In the House of Commons, Mr William Waldegrave, chief secre-

tary to the Treasury, said the British government's policy of not subsidising Eurotunnel had not changed. FT reporters in London and Paris

GTech chief sues Branson



Mr Guy Snowden, chairman of GTech Corpora tion, issued a writ against Mr Richard Bran son, chairman of Virgin group. GTech is a US lottery equipment company which is part of the Camelot consortium which runs Britain's National Lottery. Mr Snowden said he wanted "to clear my good name". The writ alleges that THE NATIONAL Mr Branson defamed Mr Snowden in a BBC LOTTERY television programme on the lottery. Mr Branson alleged in the programme that Mr Snowden had offered him an inducement to quit the bidding for the licence to run

Raymond Snoddy, Consumer Industries Staff

Strike ballot at Ford plants

Ford's 22,000 manual workers in Britain are to be balloted on strike action after the company had failed to improve its "final offer" at a meeting with trade union officials. Workers at Ford factories including Dagenham in east London and Halewood in north-west England will vote on whether to strike against a pay offer worth about 9.25 per cept over the next two years. The company has rejected a union demand for a cut in the 39-hour working week. Andrew Bolger, Employment Staff

the lottery. "We look forward to seeing them in court," said Mr

Business newspaper to launch

Mr Tom Rubython intends in March to launch a six-section Sunday newspaper devoted entirely to business. Mr Rubython is the founder and former editor of Business Age magazine, who sold the magazine to VNU, the Netherlands publisher for f3m. He is using the money as start-up capital for the new paper, to be called Sunday Business. "We are doing a proper job; we have had the funds to do it properly," he said yesterday. Stockbrokers Williams de Broe will produce a prospectus soon and will sponsor a listing on the Alternative Investment

Armed robberies decline: The number of armed robberies in London have fallen to a 10-year low. Last year 597 armed robberies were recorded against 679 in 1994 and 1,618 in 1991. "These crimes have been driven down by the sheer hard work and detective skills of Flying Squad officers," said Commander Roy Ramm, head of Scotland Yard's organised crime group.

damages from consortium of CKL, was disciplined by the Institute of Chartered Accoun-

Accountancy Correspondent

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In 1993 Mr Brian Worth, a former senior partner of Clark Whitehill and former chairman

By Robert Corzine

Banks may be called upon to lend billions of pounds to British Gas as part of a scheme to hall the company out of its bitter dispute with North Sea gas producers over £40bn (\$61.6bn) worth of long-term gas con-

British Gas claims that it has

banks would require the gov-

dismiss such worries. "I can construct a scenario in which consumers would still benefit from lower prices," said one senior executive. "But the government would have to take the lead." The Department of Trade

into the possible use of a levy in the dispute. But last night

The department said direct talks remained the government's preferred solution to the issue. It was contemplating the use of a levy only if no commercial solution emerged.

The proposal to involve the banks in the dispute is one of a number of plans being considered by British Gas for formal presentation to the government. Most involve involve sharing the cost of reaching a settlement between British Gas, the producers, taxpayers and possibly consumers. One involves British Gas

borrowing billions of dollars from banks to fund a buy-out of the contracts at a discount to their net present value. The company would repay part of the principle from the proceeds of gas sales. Interest and the remaining principle would be repaid by means of a levy on all gas shipped in the country, whether by British Gas or its competitors.

Producers indicated yesterday that this might be an acceptable solution as long as the government took steps to ensure that British Gas cut its share of the domestic market. "On the face of it this solution has the capacity to make sure that all four players - BG, the government, producers and consumers - make a contribu-

tion," said a producer. Names adjourn court case for talks

By Ralph Atkins, Insurance Correspondent

pursued by 865 Lloyd's lossmaking Names was yesterday adjourned pending the outcome of talks on a global settlement of litigation which is blighting the insurance market.

A court case in London

Names Association, just four days ahead of the start date for the case, may be an important influence on sentiment towards Lloyd's ambitious recovery plan of which the out-of-court settlement offer is part. Some 40 Lloyd's legal cases have still to be heard.

release to lawyers of provisional figures on the cost of Courtas. Names are individuals whose assets have traditionally supported the 300-year-old

LLOYD'S OF LONDON insurance market. Equitas is a large reinsurance company planned by Lkoyd's as part of its deal with litigating names to take over and "cap" outstanding US asbestosis and pollution claims.

McBride,

impact on the estimated 255m (\$53.9m) damages the Wellington Names were seeking, reducing the amount they would claim nearer to £20m Although Equitas figures

have not been published, the

Wellington case suggests that the cost of Equitas will not be as great as many fear. Indeed, it suggests that some Names may actually receive credits. Currently the overall out-of-court deal proposed by Lloyd's is worth 22.8bn. The association said that if the

recovery package, including Equitas, proved unacceptable, it would resume its pursuit of of the damages for losses against

would have a significant auditors Ernst & Young. But the earliest the case could resume is January next year.

The association said the adjournment would not have any impact on its prospects in terms of the out-of-court settlement offer. It would, however, save legal costs. Mr Antony Haynes. chairman of the Wellington Underwriting group, said the adjournment was the first since Equitas figures had

syndicates. The decision, he said, "points generally to the risks of litigation as against the advantages of a timely and cost-effective settlement which

become available to Lloyd's

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British Gas aims to end supplies dispute North Sea producers failed

and Peggy Hollinger

been locked into high-priced contracts signed when it was a monopoly, and which put it at a competitive disadvantage at a time of low prices. The proposal to involve the

ernment to impose a new levy on the gas industry, a move which consumer groups fear would result in higher gas prices to some 19m households. But British Gas executives

and Industry this week acknowledged that it is looking

the department said it was looking at a levy only as part of an "insurance policy" in case direct negotiations between British Gas and the

liability insurance claims, said the decision followed the

The move by the Wellington

Mr John

The association, whose vice-chairman members lost as a result of US association, said that Equitas about 60 Lloyd's agencies and [the recovery plan] offers."

صكذا من الاعط

Labour was applying positive discrimination to increase the number of women MPs since, proportionately, they are under-represented in parliament.

That an industrial tribunal should rule that this policy violates the Sex Discrimination Act ought not surprise the British Labour Party, which was in danger of making an Orwellian interpretation of equality on the lines that "some are more equal than others".

The decision, however, leaves the party still confronting a problem faced by many employers: that of recruiting able women in a sector which is dominated by men.

Dianah Worman, policy adviser on equal opportunities at the Institute of Personnel and Development, said: "I never understood why Labour felt able to do what it did. It is very important that things like positive discrimination are recognised not to be legal because they create resentment among the groups that have not benefited "

She advocates, instead, a policy of positive action: taking steps to go out to the areas and organisations JOBS: Positive discrimination cannot exist side by side with equal opportunities laws

Flaunting the old school gymslip

where women candidates or job applicants might be found, or to ensure that minorities which may be discriminated against have access to the training and skills necessary to compete on equal terms for a job opportunity.

One other area where women are seeking "jobs for the girls" is networking, according to Carole Pem-berton, a research consultant at Sundridge Park Mangement Centre. who has carried out a study of women's executive networks.

She was particularly interested in how such networks were used by different nationalities. British women, she said were bashful about making contacts compared with those in the US and Spain (who she

American women, she said. wanted to exchange business cards straight away and were expert at "working a room", whereas British women tended to move towards the edge of a room. They came to net-work groups to improve upon their skills at making contacts, she said. Spanish women, on the other

hand, were neither bashful nor

also looked at among a sample of 200 women's network members).

friends that may or may not lead to some business or a lob opening one day. "The Spanish women tend to expand into the room when they walk in," she said.

British women, she noted, did not have a natural liking for networking. "A lot of women say to me this is odious, it's like prostituting yourself. But if the result is that you can get business, shouldn't you at least know the skills involved? One can-not deny that networking is a very powerful means by which business

Some feel that women are doing little more than substituting the old school gymslip for the old school tie. One of the justifications for this kind of women's network-ing is that men have done it for years. But whether it is an old boys' club or an old girls' club, should membership of such an organisation confer favoured treatment when applying for a job? Worman thinks not, but she adds that it may well be a good way of finding out about a job in the first place. Pem-

berton agrees, arguing that net-

pushy and saw networks as a way of socialising and making new working is becoming increasingly tion process," she said. "In contrast, women appear to believe that the jobs market where vacancies are not advertised.

Marriage lines

Do employers favour married men and single women among job appli-cants? Whether or not this holds true, there is a perception among job candidates that such discrimination exists.

A survey of 7% male and female applicants for management positions at NB Selection, the executive recruitment consultancy, found that women were far more reluctant than men to include their marital status or the number of children they have on their CVs.

Married men and single women were the most likely to indicate their marital status. Single men and married women appear to believe they are likely to suffer discrimination, says Elisabeth Marx. who heads the company's psychological assessment practice.

"Men seem to believe that marriage and children signify stability and are positive factors in the selec-

same factors are interpreted as a lack of job commitment and will diminish their chances."

Off limits

Should there be an industry body within headhunting to police off-limits agreements? Such agreements between headhunters and their clients are designed to stop the headhunter poaching individuals from the client company within

a set time limit, typically two years. When this question was posed in survey of 30 personnel heads of financial services companies can-vassed by Haley BDC, a search business which specialises in the sector, the answers highlighted tensions between headhunters and the busises in which they work.

Many headhunters have been seeking to apply off-limits agreements to specific divisions and country bases of a particular group. For example, a headhunting firm may have worked in the corporate finance department of an investment bank. The same firm might

argue that it should be able to approach individuals in the treasury or investment management teams at the same bank when recruiting for another client.

Four out of five of the personnel managers, however, said they thought that the whole of an organi sation should be off limits, even if the headhunter had only worked in one part. About two-thirds thought that off limits should be restricted to the country where the assignment had been commissioned.

Surprisingly, half the personnel managers said they would be happy with an off-limits period of one year. Terence Hart Dyke, Haley BDC's chairman, said he had been surprised at the readiness of personnel people to allow approaches to individuals from headhunters who had previously placed them, once the off-limits period had expired.

The vast majority of personnel people saw one assignment a year sufficient to warrant off-limits protection. This does not have the wholehearted support of headhunters. The report said there were occasions when companies "bought protection" by commissioning a single

assignment for that purpose. Two-thirds of the personnel managers said they would welcome an agreed set of rules for consultants. Most proffered the Institute of Personnel and Development as a potential rule-maker, but some suggested an executive search association similar to that in the US. The existing attitude towards off-limits, says the report, is likely to do little to alleviate misunderstandings between search firms and their clients.

Age limits

The Department for Education and Employment issued a booklet last week as part of its campaign to convince recruiters of the merits of considering older job applicants.

While the booklet was generally welcomed by recruitment agencies, Alec Reed, chairman of Reed Per-sonnel Services, questioned whether agencies needed the advice as much as employers who were less aware of the debate about age limits in recruitment advertising.

He also noted that the government needed to prove that it was following its own guidelines as an employer. "Certainly, redundancy and early retirement policies for the civil service on the grounds of age give a confusing picture of what constitutes best practice," he said.

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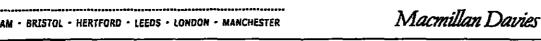
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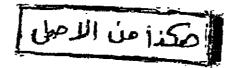
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with an enviable global reputation. We are looking for an exceptional individual to take responsibility for the publication of regular stock market analysis on the UK and Pan European pharmaceutical sectors under

the tutelage of an established pharmaceutical research team. The successful candidate, probably aged 24-30 and preferably with a science degree should be numerate as well as literate and must be able to write lucidly, persuasively and accurately to tight deadlines. First class pc skills are essential.

Likely but not exclusive backgrounds will be financial or science journalism. pharmaceutical industry, pharmaceutical patents, or the financial community, including

Personal qualities being sought include confidence without arrogance, energy and commitment and the personality to suit a small close-knit team.

The salary and benefits package should appeal to high level candidates. Please send a full CV, including current salary details and quoting reference A3260 to

Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.

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BANKING ANALYSTS

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The Supervision and Surveillance Divisions are responsible for monitoring the prodential operation of all banking institutions both UK and foreign owned - carrying out business in this country. It is in this highly visible area that a number of opportunities now exist for Banking Analysts.

Working as part of a team, led by a senior manager, you will focus on a designated portfolio of banks. Part analyst, part adviser, part relationship builder, you will scrutinise financial and operating data and management strategies, highlighting you have the special blend of skills we need, please write, in any potential supervisory issues, suggesting more effective approaches where applicable and influencing changes of

After appropriate training, you will need to establish early credibility with the organisations you are supervising through a combination of technical knowledge, proven interpersonal

The Bank of England offers a unique vantage point from which to gain a rare perspective on financial institutions, their first degree and, ideally, a relevant post-graduate qualification, strengths and the consequences of their actions. It is also a you will have at least three years' financial assessment or analytical experience, gained preferably in banking, accountancy, law or a relevant financial environment, in the

> The ability to focus with equal case on the fine detail and the broad picture is vital, as is the confidence to challenge perceptions and argue your case, orally and on paper, with conviction. You must also be able to establish rapport at all levels - both internally and externally - and not only identify problems, but find solutions.

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Our client is the financial management arm of a leading European pharmaceutical company. Due to the continued growth of the business, they now seek a talented individual to manage European equities for the company's investment and multi-currency portfolios.

Reporting to the General Manager, the individual will be responsible for managing European equities invested in a wide range of sectors and providing both strategic views and analytical support. The candidate will also frequently attend strategy and asset allocation meetings held in the company's Continental European headquarters.

Candidates will have a minimum of five years experience of equity investment management. The successful individual will most likely be a numerate graduate and ess excellent verbal and written communication skills. Individuals must have the ability to think

independently and to back their own judgement; the ability to work in a small team environment is essential-The European nature of this role requires the individual to possess a willingness to travel to the Continent frequently, therefore, knowledge of other European languages would be desirable. A fluency in English

This is an outstanding opportunity for those with the intelligence and enthusiasm to succeed within a small

An attractive remuneration package will be offered to the right candidate. For an initial confidential discussion, please call Elizabeth Arthur on 0171 831 2000, or alternatively write to her enclosing a CV to Michael Page City. Page House, 39-41 Parker Street, London WC2B 5LH Reference number 267071.

Michael Page City

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At ING Barings, we are looking to recruit experienced executives to join our Banking and Structured Finance Department in London, in a team responsible for arranging structured debt transactions in the UK. Your role will also include providing advice to our clients on transactions in Europe and the Emerging Markets.

You will come from an investment banking or other relevant financial background, with at least one years' direct experience (for example in project or acquisition finance). The demands are high, and we would expect you to demonstrate enthusiasm, imagination and impressive communication skills. You will also be highly numerate, with excellent analytical and computer skills. It is likely that you will be aged between 23 and 30.

The rewards are also high. Salary will be negotiable according to experience, and the package includes a performance related bonus.

To apply, please write with a full curriculum vitae and current remuneration details to. Ruth Norman, Manager, Human Resources Department, ING Barings. ou London Wall, London EC2M 5TQ.

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The Positions

- Reporting to the Chief Investment Officer of the fund, two hals will be based in Kyrv, and one in Chisinau.
- Will research markets and initiate investments in wide range of
- Responsible for negotiating and actively monitoring a portfolio of investments.

Please send your CV Patrick Alexander, K/F Associates, 252 R with current salary details to: London WIR 6HL, quoting ref. 6971/A.

The Requirements

- Must speak Russian and English
- At least 3 years' experience in commercial or Investment banking, corporate finance, development/venture capital.
- Knowledge of agribusiness and food processing is essential

Patrick Alexander, K/F Associates, 252 Regent Street,

K/F ASSOCIATES

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Venture Capital

Competitive Package

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Outstanding opportunity for ambitious executive to expand the management team of one of the UK's leading independent private equity groups.

THE COMPANY

- Highly successful investment record. Just raised £40 million (first closing) for investment in the UK, in addition to its existing funds under
- management of £70 million. Focuses on specific sectors such as healthcare services, infrastructure/transport and leisure. THE POSITION
- Opportunity to join a small team of experienced
- venture capital investors. Contribute to selection of new investment sectors and actively seek investment opportunities.
- Undertake thorough due diligence into potential Involvement in the monitoring of investments through Board representation.
- **QUALIFICATIONS** Graduate with excellent academic background. May
- also have professional qualification or MBA. Minimum of 3 years' experience with an established
- venture group or equivalent experience. Good interpersonal and communication skills essential. Excellent investment judgement supported by strong analytical skills.

Please send full to (with photo attached), stating salary, ref CP5015, to NBS, 10 Arthur Street, London EC4R 9AY





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Corporate Finance

Major European Bank - Mergers & Acquisitions

Strong relationship-driven European-based international bank with worldwide sector focus and 65 offices in 30 countries seeks two talented professionals to join its London-based mergers and acquisitions group.

Senior Corporate Financier Corporate Financier

- THE POSITION Key senior member of new and successful growing
- Full responsibility for all aspects of transaction execution. Both domestic and cross-border
- assignments. Extensive client contact at senior level. High-profile role. Opportunity for career progression. QUALIFICATIONS
- At least 5 years' relevant mergers and acquisitions experience, (primarily UK based), probably gained with top tier merchant/investment bank, venture
- capital house or similar institution. Strong client management, deal analysis and structuring
- and execution skills. Fully computer literate. Energetic, highly motivated with strong commercial/entrepreneurial skills. Eye for detail. Team player. European language skills advantageous. Ref FS60101

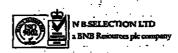
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- THE POSITION Actively support senior members of the team in all aspects of deal origination/execution.
- ◆ Undertake all aspects of financial modelling and
- ◆ Research deal initiatives. Considerable client contact.
- QUALIFICATIONS · Graduate with possibly a further professional qualification. Minimum two years' transaction experience within a merchant/investment bank,
- venture capital house or similar institution. Well-developed financial modelling/analytical skills.
- Fully computer literate. Clear, confident communicator. Team player. Energetic with ability to thrive under pressure.

European language skilis advantageous.

Ref FS60102

ce, to NBS, 10 Arthur Street, London EC4R 9AY





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A vacancy has now arisen to work as part of a small committed team within the company's Compliance Department. The main responsibility will be to conduct the company's monitoring programme which will involve testing compliance with the regulations. You will be expected to adopt a pro-active approach to developing the programme to cope with new regulations and products.

The successful candidate would preferably be a qualified accountant or have experience of compliance monitoring/financial services audit work. Good computer skills would be an advantage.

Please send a full CV to Samantha Etheridge, Ref 196, DMB&B Financial, 123 Buckingham Palace Road, London SW1W 9DZ, stating clearly any companies to which your CV should not be forwarded, as replies will be sent direct to our client for consideration.

FINANCIAL

 G_{\sim}^{M}

GERMAN EQUITIES

Our client is a high quality European investment house with some \$10 billion under management in London on behalf of international institutional clients. Recent success in winning new business and the planned future growth has resulted in the need to strengthen the European Equity team.

Specifically, the requirement is for an individual to manage German equity portfolios and to generate superior investment performance from that market based on sector and company analysis as well as macro-economic research. In addition, this individual will play a major role in the asset allocation and policy discussions regarding Europe.

The successful candidate will be educated to degree level and will have at least 4 years' experience of the German market as a Fund Manager with a good record. Particular importance will be attached to communication skills and the candidate's ability to contribute effectively in a young and progressive environment. Fluency in English and German will be necessary.

For further information, please write in confidence, with your cv, to Martin Symon at the address below.

Jonathan Wren & Co-Limited , Financial Recruitment Consultants, No.1 New Street, London EC2M 4TP Telephone 0171 623 1266 Facsimile 0171 626 5259



Ref: P20109

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The department is now looking to recruit a senior manager for its Glasgow office, ideally a fully qualified lawyer or chartered accountant, with experience in Stock Exchange and Take-Over Panel work, new issues, fund raising and with general financial advisory skills. An ability to act as part of a team, to build and sustain relationships, to communicate effectively and to focus on essential issues, is required.

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Based in its headquarters in Weshington, DC this position will provide insellectual leadership in policy advice and strategy formulation in: energy policies towards finance, private investment, sector reform, energy efficiency, rural energy, and the environment; as well as defining and encouraging ew directions toward private sector development, and licencial res

We are seeking <u>a recounized international expert</u> in energy sector with a minimum of 15 years substantive senior-level experience in leading policy dialogue with industry and government in developing and industrial counties.

A strong evaluation background with applied practical experience and a solid publication record is required. Successful candidates must possess

professional qualifications in two of the following: engineering, economics, finance and environmental policies. The World Bank offers an internationally competitive The World Bank offers an internationally competitive c



JUNIOR TURKISH INVESTMENT ANALYST

Junior Turkish Investment Analyst required to join an expanding Emerging Markets Team specialising in Turkish equities in one of the City's leading European broking houses. Candidates must:

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Interested parties should write enclosing a CV to: Box A5255, Financial Times, One Southwark Bridge, London, SE1 9HL

EUROPE/ASIA

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We are a well established U.S. based hedge fund manager and SEC registered investment advisor with an excellent track record in the

We seek two entrepreneurial and performance driven individuals to each exclusively market our product in Europe and in Asia, respectively. The successful candidates will have a proven track record marketing equity securities products in the international arena. The ability to develop an European or Asian client base and to maintain a superior service relationship is essential.

Candidates must be highly self-motivated. Foreign language fluency will be a plus.

Salary and performance incentives

To apply in confidence, please reply to Box A5828, Financial Times, One Southwark Bridge, London SEI 9HL

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An outstanding opportunity to join one of the World's most prestigious and respected banks, looking to recruit high calibre graduate bankers with credit experience. Our client takes career progression seriously, offering exceptional opportunities for continuous development to individuals with the desire and determination to succeed at the highest level. Although not essential, applicants with European language skills will be of particular interest.

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Our client, a developing and expanding U.S. bank, requires an Account Officer with Trade Finance experience. Duties will be varied including relationship management of existing business and responsibility for own portfolio as experience develops. Working within a small dedicated team, the appointment offers excellent scope for career development with the prospect of early promotion. Candidates, who should be aged 25 to 30 with good credit skills, will be offered a competitive salary and the ability to earn excellent performance related compensation.

For further details please contact or forward your CV, to Peter Brooker,



Gordon Brown

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An opportunity exists for a quantitative analyst to join the derivatives development group of a major international investment bank. Working within a highly regarded team the successful candidate will be involved in the design and development of leading edge derivative products and pricing models. The successful applicant will have a PhD in a mathematical discipline as well as a keen and developed interest in financial products and markets. Mathematical modelling skills are essential as is the ability to present your research clearly. Experience in option pricing and strong programming skills (C, C++) would be particularly attractive.

> Candidates interested in this and other quantitative research positions should call Tony Sheppeard.

Austen Smythe Search and Selection

127 Cheapside, London EC2V 6DH Tel: 0171 600 2862 Fax: 0171 726 4290

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these products or on the currency mar- The position to be filled is based in Paris.

You have an experience of 2/3 years on and spoken financial English.

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with full career and salary details to: Nigel Bates Whitehead Selection Limited

II Hill Street, London W1X 8BB

- ACT/MCT, probably aged 28-35 educated to degree level and with experience in an international corporate treasury department known for its sophisticated systems and methods. An accountancy qualification would be distinctly advantageous.
- Highly computer literate, preferably with experience of International Treasurer. Excellent communication skills, an analytical approach, drive and well developed management abilities.
- · Realistic opportunity for promotion within circa two years if the successful candidate performs well in the role.



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- · Following reorganisation of the Regional finance team, the new position of Finance and Accounting Director has been created, reporting to the VP Finance and heading a team of ten, the majority of whom are qualified.
- Accountabilities include full co-ordination of European forecasting, budgeting, reporting, long term planning and financial review; providing finance support to the European Management team; project management, in particular for the set up of new businesses; acting as a
- focus for finance policies and procedures in Europe; management of financial systems support
- five years post qualified experience, including at a senior level in a blue chip retail or consumer goods company. Technical excellence allied to strong leadership skills, a sharp intellect, flexibility of approach and exceptional levels of energy and enthusiasm, mixed

Graduate, probably 'Big 6' trained ACA, with at least

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MIDLANDS

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- This is a high profile finance role, in a business with turnover in excess of £800m, with an emphasis on the development of a more commercial approach to business operations. The successful candidate will work closely with line managers to effect a complete change in attitude towards
- The individual will define new standards for financial reporting and business analysis, challenge existing assumptions made by line managers and work with the team as a whole to improve the accuracy of budgetary forecasting.
- As a member of the executive management team, the successful candidate will be a key player in the development of future business planning and strategy, and will be expected to take on broader management responsibilities at an early stage. Career development opportunities are excellent and further promotion is likely within 12-18 months.
- well as an accountancy qualification. Exceptional communication skills are a prerequisite, as is a sense of humour and the ability to influence/motivate others. Previous work experience will have been gained at a senior level within a large, complex organisation, ideally

 Candidates will have first class educational qualifications. They will be degree qualified and ideally have an MRA, as

- manufacturing or technology based. The ideal candidate would be familiar with the design and implementation of financial procedures and controls, and have experience of both financial and non-financial planning
- Alongside traditional financial management, it would be advantageous to have gained exposure to the broader commercial functions of a company operating within a highly competitive market. Candidates will be proactive, decisive, ertive and ambitious. They will be in their 30's and looking for rapid career progression.

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- · Following senior management changes in 1995, the Group is undergoing significant change. Its strategy is to build on its existing strengths and to develop new businesses which offer real growth by extending the range of its activities.
- To satisfy management's requirements in controlling and reviewing the Group's performance, a new team has been created within the central finance function which will work directly for the Group Chief Executive and Group Finance Director
- The Manager, Business Planning and Analysis will be responsible for analysis of the business and financial

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11 Hill Street, London W1X 888

7el: 0171 290 2043

performance of one or more operating divisions and will undertake a wide variety of projects that affect the Group as a whole. This demanding role calls for an exceptional individual with the ability to perform at the highest level and to progress further within the Group.

- Aged 28-32, candidates will have a professional qualification or MBA, with experience in financial planning/analysis, ideally gained in a blue chip environment or alternatively as a manager within a professional accounting firm.
- Role calls for sharp intellect, flexibility of approach and excellent interpersonal and communication skills. coupled with the stature to operate at the most senior levels. Candidates must also demonstrate a high level of commercial acumen, drive and ambition,

Whitehead SELECTION

The section of the se **UK FINANCIAL CONTROL**

Development Role for Non Sector Specialist

Major US Investment Bank

£55-£65,000 plus bonus

This firm is a fully integrated global investment bank and securities house with an outstanding reputation across all major markets. It has a substantial European presence (including the emerging markets of Eastern Europe) which is centred in London.

A restructuring of the finance function has led to the need to recruit an individual at Vice President level to take responsibility for UK financial reporting and the general ledger. It is anticipated that other areas of responsibility will quickly be added leading ultimately to a total staff compliment of c18.

This should be seen as a development role with the brief to alter the balance of activity away from routine processing towards a heightened focus on control and analysis. As the head of the section, you will act as the point of contact with other areas such as operations and product control to improve the quality of information received.

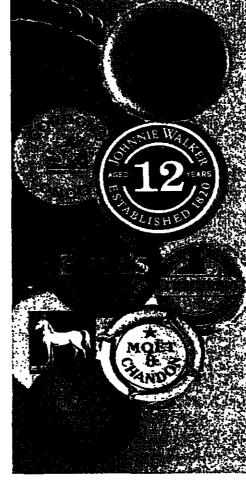
A professionally qualified accountant, you will have

experience of the set up and use of sophisticated financial controls, and outstanding team management skills. This experience could have been gained in investment banking but equally you could be working within the accountancy profession or a fast moving commercial environment where the emphasis is on regular, tight reporting. Systems development experience would be an advantage.

You will have a lateral thinking and creative approach and be looking for an environment where change is encouraged. This represents an excellent opportunity to make a significant contribution to the overall improvement of the financial control function and an ideal point of entry for an ambitious accountant into the investment banking

To apply in strictest confidence, please write quoting Ref: 0111, enclosing a full CV to Tim Musgrave at The Bloomsbury Group, 2nd Floor, Bedford Chambers, Covent Garden, London WC2E 8HA. Or if you prefer call him on 0171 379 1100.

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collisioning the carrier development of members of the internal audit team to less within the business, opportunities now exist for high-calibre flied accountains with at least 3 years' poe, some of which should have

est gained to an operational role, to join our small central team. the brief will be to undertake worldwide high level financial and operational reviews across a range of businesses and functions (including production, distribution and marketing) and gain acceptance of your recommendations to improve business processes.

his will be required to demonstrate strong influencing and interpersonal statis as well as the commercial acumen and cultural sensitivity to operate electively to a truly international environment. In addition to your first-class reclinical and analytical skills, you will also require strong written and verbal analytical skills, particularly with linguistic skills, particularly inish, will be preferred.

This tole offers an excellent opportunity to join the senior financial team of a major PLC, undertake significant international travel and build a long term career in a successful and progressive organisation.

interested candidates should write in confidence, enclosing a resume together with current remuneration details, marking the envelope 601A to our advising consultants: Chryssaphes Flammiger Associates, Belled House, 245 Hammersmith Road, London W6 8DP.

Financial Accounting

an opportunity for a recently qualified Chartered Accountant to enjoy responsibility

Financial Services sector

Our client is a well established investment management Group with a friendly, lively environment and avowed intentions of providing qualified accountants with real management potential.

This position within Group Accounts gives responsibility for a broad range of reporting requirements in both financial and regulatory areas and we are looking for a recently qualified Chartered Accountant with Financial Services exposure. Some knowledge of IMRO and PIA requirements would be particularly advantageous. Technical knowledge will not be sufficient on its own; we will be looking for people

management skills (latent or demonstrable) as well as ambition and the maturity to work with minimum supervision.

Offices are located within easy reach of the City. The salary and benefits package is attractive enough to appeal to top class candidates. Please send a full CV, including current salary details and quoting reference A3270 to Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.

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Finance Director

Salary: to £50,000 + car + benefits

The Solvay Group is a world wide chemicals and pharmaceutical organisation with sales of over £5 billion in 42 countries. Two of its UK companies, with total sales of £50 million, comprising of human healthcare and animal health, now require a Finance Director, to be based at the headquarters in Southampton. Reporting to the Managing

- Directors, responsibilities will include: Maintaining and operating financial controls, financial planning and budgetary control.
- Advising management on plans for business development and implementation of policies and programmes for profit improvement and financial
- Directing operational elements of the company, including Housing, General Services, Computer and Warehouse departments. Acting as a member of the executive committees

and participating in strategic decision making. Candidates will be qualified accountants with a minimum of 5-7 years PQE gained ideally in a sales and marketing Location: Southampton

environment with a broad base of experience in those areas mentioned above. Experience of the pharmaceutical industry and the Pharmaceutical Price Regulation Scheme would be advantageous, but are not pre-requisites.
Candidates will also need to display good judgement, analytical and communication skills as well as demonstrating initiative, business acumen and credibility, to make a significant contribution to the performance and profitability of the Company.

If you believe you have the required experience and drive for this exceptional position please send a covering letter with you Curriculum Vitae to our advising consultant, Jonathan Kidd at Harvey Nash Plc., 13 Bruton Street, London WIX 7AH. (Tel: 0171 333 0033). Please include a daytime telephone number, current salary details and quote reference number: HNF126.

HARVEY NASH PLC



ASTON UNIVERSITY

Director of Finance & Business Services



Excellent Salary

Aston University seeks to appoint an outstanding individual to direct and develop its Finance and Business Services into the 21st Century, and to ensure the efficient and effective management of its financial resources. This is a key appointment in the achievement of the University's objectives during a period when it is anticipated that there will be significant growth and diversification of income sources and expansion of student numbers.

THE POSITION

Direct and develop in a forward-looking and responsive way Finance Department and other wholly-

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Represent University on external bodies; develop external fund-raising.

QUALIFICATIONS

of academic and lay colleagues.

 ◆ Wide experience in senior management role, with proven ability to think and plan strategically; appropriate financial skills and professional standing; experience in academic environment an advantage.

 Thorough understanding of effective use of IT, in wide range of strategic and financial applications.
 Excellent leadership and communications skills, with personality, experience and ability to command respect

Please send full cv, stating salary, ref BP88 107FT, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB





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Finance Director

Greenwich Healthcare NHS Trust

c.£60,000

Greenwich

Important and challenging position in a major Trust with ambitious programme of redevelopment. Excellent career opportunity in a strategic role.

THE TRUST

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· Recently acquired Queen Elizabeth Hospital, Woolwich, from the Ministry of Defence. Extensive refurbishment plans to create new District General Hospital, currently considering options for private finance initiative.

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 Executive Board member. Contribute to corporate management of the Trust. Report to Chief Executive. ◆ Lead and develop the finance function. Support clinical and service directorates.

 Provide strong financial management of major capital projects. Pursue private finance initiatives. QUALIFICATIONS

 Professionally qualified, probably a graduate, with Board level experience ideally in both the private and public sectors, including a period in the NHS.

Strong manager with flair, imagination and excellent

technical skills. Strategic perspective with devolved management style, able to make a positive contribution to corporate policy. · Presence and authority with well developed

communication skills. A team player who can make a real impact and build relationships at all levels.

Please send full cv, stating salary, ref PS60112, to NBS, 54 Jermyn Street, London SW1Y 6LX



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Finance Director Designate

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Manchester

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THE ORGANISATION ◆ Turnover £20m. 500+ staff. Well established leader in its field. Total Quality culture. Diverse specialisations and markets.

 Excellent management information systems subject to continual improvement and upgrading. THE POSITION

 Lead and develop financial management. Key responsibility for financial analysis of business performance, budgeting. planning and strategy development Review management accounting information. Responsibility for cashflow planning/reporting, pre Increase commerciality of non-finance staff. QUALIFICATIONS

 Qualified Chartered Accountant. Track record of running a finance function. 'Hands on', methodical approach. Team builder. Committed and conscientious.

◆ Ability to evaluate, interpret and present financial

information. Strong business/financial analysis skills.

Able to grasp key business drivers and communicate strategy at all levels. Challenging yet diplomatic. Keen for further progression.

Please send full cv, stating salary, ref MP5014, to NBS, Courthill House, Water Lane, Wilmslow, Cheshire SK9 5AP



audit accounts preparation and tax planning.

Aberdeen . Birmingham . Bristol . City Edinburgh # Glasgow * Leeds * London

Major USA Investment Bank - Frankfurt SENIOR CREDIT MANAGER

Our client, a major USA investment bank, is seeking an experienced (3 years +) credit manager, to take responsibility, in Frankfurt, for the firm's activities in Germany, Austria and Switzerland.

Responsibilities will include ratings advisory, capital structure, "debt-analysts" related functions, analysis of trading counterparties and assisting in the management of clients credit risk. Additionally candidates must have the ability to assume product manager responsibilities for one of the many trading products handled in Europe and become involved in a variety of broad-based risk management projects.

Educated to Degree/MBA level you will have strong analytical skills, fluency in German/English, and good knowledge of the investment banking industry. Interested candidates should send a copy of their cv to Ron Bradley, quoting reference no P30117 at the address below. All enquiries will be treated in strictest confidence.

Jonathan Wren & Co Ltd. No 1 New Street, London EC2M 4TP Telephone 0171-623-1266 Facsimile 0171-626-5257



Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Director of Internal Audit

What has the future got in store for you?

c.£50,000 Major Retailer Home Counties

About Us

It is not by accident that we have grown to become a global brand name, it has everything to do with a commitment to quality which has never faltered. We have looked long and hard at how we do business and have ranonalised our operations worldwide. We are now looking for the final piece of the management jigsaw to help us drive the business forward with renewed

A New Role

The challenge of being Director of Internal Audit at such a stage in our development is a particularly enticing one. promising full responsibility for every aspect of the Audit function. Your involvement will be total - planning and overseeing audits across all aspects of the business; liaising closely with Divisional Heads and reporting to the Group Finance Director. Beyond that, your ongoing priorities will be to constantly review and refine existing control procedures and identify potential problem areas.

... are 2 qualified accountant with at least 5 years audit experience gained in a multi-site retail environment. Alternatively, you will have done significant work for

major retail chains from within the profession. You will be adept at auditing around complex computer systems, and ideally have an international (particularly US) flavour to your experience.

We Want More . . .

. . . than just the right qualifications. You will have the confidence to be credible at the highest level coupled with an honest and straightforward attitude. We do not want an empire builder or an office politician; we do want a self motivated and independent individual who believes that the term 'hands on' is more than just a cliché. Above all, you will relish the opportunity to be an agent of change, influencing the direction of a world tamous brand name.

The Next Step ...

... is to write to our advising consultant David Hunter quoting reference L-1611, if you feel you can meet the challenge.

Executive Search & Selection, Price Waterhouse. No 1 London Bridge. London SE1 9QL. Fax: 0171 403 5265.



TREASURY MANAGER - Brussels

Excellent Compensation and International Relocation

Levi Strauss & Co is the world's largest branded apparel maker, marketing its products in more than 60 countries and with annual sales exceeding USS6billion. A privately owned company with a business vision to be 'the employer of choice', Levi Strauss & Co, is dedicated to sustained responsible commercial success.

The European headquarters in Brussels is seeking a Treasury Manager to join its established team. Reporting to the Managing Director - European Treasury Centre, this person will be involved in developing Treasury strategies to support some 40 operating subsidiaries in Europe.

The key challenges of the role will be:

 To manage the European liquidity position • To manage the execution of foreign exchange activities

 To co-ordinate intercompany settlements To develop and maintain cash management systems and

To maintain close banking and internal customer

professional background, with a minimum of 5 years in Treasury for a confidential discussion.

as in cash management systems and techniques, either within a Corporate or Banking environment. Equally important is a strong knowledge of banking and FX regulations, a proven track record of teamwork, excellent analytical and negotiation skills. We are looking for individuals who are; self-motivated,

including practical experience of FX and Octions dealings as well

creative, opportunity and risk takers, able to work within a high pressured environment, and who can flourish in the Levi Strauss. & Co empowered environment. The challenges, opportunities and rewards with Levi Strauss

& Co are exceptional as is the benefits and relocation package that has been structured to attract candidates of the highest calibre. Levi Strauss & Co is an Equal Opportunities employer that actively encourages diversity in its workforce.

Interested individuals will send a Curriculum Vitae, in English, to our advising consultant Kean August on +44 171 209 0001, or by post to FSS Europe, Charlotte House, 14 Windmill Street, The successful candidate will have a strong academic and London W1P 2DY, UK, telephone +44 171 209 1000



EUROPEAN AUDITOR

Exciting Pan-European Opportunity for German Speaker

With operations in 40 countries spanning Europe, America and Asia this manufacturing group has established market leadership in its core business areas. They are pioneers in their field. The development of leading edge technologies combined with focused, innovative business practices has contributed to dramatic organic and

LONDON

Competitive

Salary +

Benefits

Based near London, the European audit team is young, multi-cultural and commercial. As a key member of this team and working closely with all levels of management, you will review operational and financial aspects of the activities in Europe with a clear focus on **Germany, Austria and Switzerland**. Trouble-shooting, systems development and special project work such as analysing business and technical accounting issues will be important aspects of this role. The successful candidate will therefore be:

A qualified accountant or equivalent with at least 3 years auditing experience Fluent in English and German Reliching the prospect of a multi-cultural role with approximately 40% international travel

This represents a unique opportunity to positively impact upon the efficiency and profitability of the European business, using a consultative approach which will add value. Career prospects are excellent both in Europe and

Interested applicants should telephone Robert Macmillan on 0171 404 5501 Alternatively please write in confidence, stating current remuneration, guoting reference number 2188 to Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London WCIV 6AS, or fax your details on 0171 404 8128

NICHOLSON INTERNATIONAL

Belgium China Czech Republic France Germany Holland Hungary India Israel Italy Poland

FINANCIAL CONTROLLER

Circa £ 35,000

UK - Southern Home Counties

A major leisure-oriented consumer goods company with worldwide operations seeks a qualified accountant as Financial Controller for its UK subsidiary at a time of significant and rapid expansion within an overall European group strategy

Reporting directly to the local Managing Director and functionally to the Group's International Controller, the newcomer will lead a team or 15 and assume tull responsibility for all financial and administrative affairs which includes controlling an extensive information database and the logistics management internationally or an important product range.

The successful candidate, fluent in English and French, will hold a relevant accounting qualineation and is likely to be in the 30 to 35 age range with degree level education, offering a minimum of five years exposure to management and financial accounting in a sophisticated corporate environment, preferably in a retail or

A significant career opportunity at international level is offered within this expanding group, together with an attractive salary package.

Please write in strict confidence to Andrew Blamey, Christopher Beale Associates Limited - 14 Queen Anne's Gate, St. James's Park, London SW1H 9A A

> Christopher Beale Associates Limited MANAGÈMENT AND EXECUTIVE SEARCH CONSULTANTS A member of Greenwich International Paris Madrid New York Geneva Milan Brussels

(banking, lemme & airtine industric Swiss & Brit, working German & French, Currently employed in a global company with 75% travel & 25% hase work from hi

own base in Zurich desires a more

Write to Box 45256, Financial Tages.

APPOINTMENTS

WANTED

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AUDIT FIELD MANAGER Professional with many years varied

world leaders experience

One Southwarf Bridge, Landon SEI 9HL The Top

Opportunities Section Advertise your senior management positions to Europe's business readership

For information please contact:

Andrew Skarzynski +44 0171 S73 4054

Group Financial Controller

West End

up to £42,500 + car

Our client is planning an imminent floatation to fund the acquisition of two specialist publishing businesses. Significant development of these core businesses and further acquisitions are planned. The businesses already operate in most major countries in the world serving industry, commerce and the public sector with t/o c £20m.

As a direct consequence of this expansion and planned diversification a Group Financial Controller is now sought who will report directly to the Group Finance Director. This is a new role which will focus upon the production of all financially orientated management information for the group including monthly and quarterly reports, budgets, forecasts and special project work. The position will work closely with the Group Finance Director in providing a supportive function to bis duties, such as traceurs activities and to provi providing a supportive function to his duties, such as treasury activities and to new initiatives. Furthermore, establishing improved reporting systems and supervision at subsidiary company level, will also be anticipated.

Candidates, will be qualified chartered accountants aged early 30's who have excellent cannotages, who be quantized commented accountants agent early 50 s who have excellent technical and public company experience coupled with a sound commercial outlook to assist the development of the business through this new phase. In being a key part of the small head office team, good organisational, interpersonal and common sense skills, as well as being a self starter, will be distinctly advantageous.

Please write enclosing a full curriculum vitae quoting ref 644 to: Philip Cartwright FCMA, Cartwright Consulting, 3 Wigmore Place, London W1H 9DB Tel: 0171 371 9476 Fax: 0171 371 9478

CARTWRIGHT CONSULTING FINANCIAL SELECTION & SEARCH

Financial Controllers x 3

Bournemouth • Manchester • Peterborough Excellent packages + Relocation

Our client is the consumer foods division of a major international corporation with production and processing units throughout the UK, Ireland, mainland Europe, North and Central America. With a worldwide turnover in excess of £1 billion, the Group has experienced an impressive growth rate, and there is an aggressive business expansion strategy in place

The Group takes pride in its technological leadership, and research and development is given a high priority allowing continuous innovation and new product development. The consumer foods division has grown rapidly, resulting in an increasing profile within the marketplace through the addition of high quality brand names.

As a result of internal promotions within the division and continu business expansion, the company is now looking to recruit three key individuals. Reporting directly to the General Managers of three autonomous operations, the successful candidates will assume resp for managing the entire range of financial accounting, reporting, budgeting, operational analysis and business review. These high

profile positions impact on the whole business and a significant level of ercial input is envisaged.

Probably aged 27-35, prospective candidates will be qualified accountants of graduate calibre with a successful track record, ideally gained within a manufacturing based organisation.

ong negotiating and communication skills are essential, combined with independence, maturity, commercial awareness and above all ambition and adaptability as the roles are certain to broaden and develop; such is the culture of this company, dictated by their rapid rate of progress.

In return, on offer is an excellent remuneration package and the chance to join a forward-thinking company with a young, exciting culture where opportunities for the successful extend worldwide.

Interested candidates should write, clearly stating preferred location, enclosing a full CV, daytime telephone number and details of current remuneration to Shaun Ascough ACCA, Michael Page Finance, 1st Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.

Michael Page Finance

Specialists in Financial Recruitment London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham St Albans & Worldwide

c. £100,000 + bonus + benefits

Energy/Trading/Commodities Eastern Europe/FSU

South East

Group Finance Director

Dynamic, strongly capitalised Group with well-established operations in a number of countries in the FSU seeks an ambitious finance professional to identify, prioritise and structure a broad range of commercial transactions. Key central role with this fast-growing and highly successful £40 million+ business.

Reporting to and working closely with the Chief
Graduate Chartered Accountant with strong Executive. Play a lead role in developing and implementing the strategy of the Group with accountability for success.

- Liaising with financial institutions, trade organisations and host country government ministers to develop creative financing solutions for high value capital and infrastructure projects.
- Manage substantial long-term investment programmes and related revenue streams to ensure maximum availability and tax efficient use of funds.

Leeds 0113 2307774 London 0171 493 1238 Manchester 016I 499 1700

THE QUALIFICATIONS

project finance skills and prior involvement in the set up and management of sophisticated joint venture trading agreements in the FSU.

- First-class technical skills including tax, treasury and particularly M&A, including ability to initiate innovative financing deals.
- Confident, decisive and resilient negotiator with the stature and authority to represent the company effectively in discussions with both the City and foreign institutions.

Selector Europe Spencer Stuart

Picase reply with full details to: Selector Europe, Ref. 2020530161, 16 Connaught Piace, London VC. 2020

To £85,000 package + options + benefits

c. £65.000 package

THE ROLE

Ouoted Plc

South East

North London

Group Finance Director

A highly profitable, well-respected and expanding computer services group now wishes to appoint a Group Finance Director to provide commercial support to the Board as the business continues to grow and develop in the UK and overseas. Challenging role which requires first-class technical skills and an appreciation of how a finance professional can add real value across a business.

Finance Director

A new appointment to the executive management team of one of Britain's largest multi-campu

universities, with some 20,000 students and revenues approaching E80 million. The University is

committed to continuing its expansion into the 21st Century as an international centre of excellence across a wide range of disciplines. A broad-based finance professional with a strategic orientation is now

sought to provide the financial underpinning to the University's activities and assist in bringing ambitious

development plans to fruition.

THE QUALIFICATIONS

planning skills.

service-led environment.

THE QUALIFICATIONS

■ Working with the main Board with responsibility for the financial management and control of the business, supported by a small head office team, and the building of effective relationships with divisional MDs.

- Ensuring that the funding and capital structure of the business evolves to support growth, liaising with financial advisors.
- Assessing the quality, format and relevance of management information. Evaluating and integrating acquisitions worldwide.

Report to the Vice Chancellor with full responsibility

■ Develop the University's capital strategy including a

■ Provide leadership and management to a 50-strong

capital requirements to academic targets.

Leeds 0113 2307774

London 0171 493 1238 anchester 0161 499 1700

financial input to strategic discussions.

for the financial strategy and viability of the

University. Direct the budgeting process and provide

£20 million development programme. Maximise income and develop alternative sources of funding.

team in finance and purchasing. Work closely with

all University departments relating revenue and

Leeds 0113 2307774 Selector Europe London 0171 493 1238 Manchester 0161 499 1700 Spencer Stuart

performance indicators clearly and concisely. Picano reply with full details to: Selector Europe, Rof. P60490161. 16 Commaght Pince, London W2 22D

Graduate, qualified accountant with a successful

track record as a Finance Director in a commercial/

Experience of major capital programmes and of

supporting growth through sound and innovative financial strategies. Strong budgeting and business

wider remit of leading and managing the University.

Computer literate, adaptable with a commitment to higher education. Capable of contributing to the

financial concepts and monitor key

■ Dedicated finance professional, aged 35+, with

First-class analyst and network builder with the

■ Strong communicator, able to express complex

and influence operational management.

outstanding technical accounting and funding

skills and experience in a fast-moving, evolving

gravitas, confidence and credibility to support

To £100,000 package + options + benefits

Expanding Pic

West of London

Group Finance Director

Rare opportunity to join a market-leading, high profile quoted media group with a market capitalisation in excess of £100 million. Pivotal role at board level tasked with delivering further growth, both organically and by acquisition, through enhancing existing reporting and control processes and providing imaginative input into global corporate development activity.

THE ROLE

- Providing an authoritative financial management and control service, supported by an established head office finance function.
- Operating effective budgeting and forecasting processes to underpin continued, rapid growth and developing an effective tax and treasury
- Evaluating and completing acquisition opportunities and working with the board in raising further the group's City profile.

THE QUALIFICATIONS

- Graduate ACA, aged 35+, with progressive career development in a respected, tightly controlled and fast-moving quoted group. First-class financial reporting and control skills gained both in group and the line.
- Energetic, adaptable and quick-witted. Able to devise creative solutions to business problems and think laterally on funding and organisational
- Pragmatic and resourceful team player with superior communication skills. Confident and effective in a dynamic, changing culture.

Leeds 0113 2307774 London 0171 493 1238 tanchester 0161 499 1700 Selector Europe Spencer Stuart

Piesse reply with full details no: Selector Europe, 2nf. P60400161. 16 Countengit Piece, London W2 22D

Group Treasurer

North West

Our client is a leading manufacturer of speciality chemicals supplying niche markets throughout the world. With annual turnover approaching £400 million, this rapidly growing plc are already market leaders in many of their chosen fields, and are poised to capitalise on their strong performance to date through further development of their value-added products in both new and existing markets.

They now seek to appoint a high calibre Group Treasurer to assume full responsibility for treasury management, reporting directly to the Group Finance Director. More specifically, you will manage the domestic and overseas bank relationships, control systems and forward currency dealings, whilst maintaining a clear focus throughout the Group on compliance with Group Treasury policies. In addition, you will take on ad-hoc operational

c £40,000 + Car + Bens

analysis and acquisition project work, and deal with the taxation implications of the treasury operations. Candidates are likely to be qualified Chartered Accountants aged to 35, with strong spreadsheet skills and preferably some exposure to treasury management. You will be a highly motivated selfstarter, with strong analytical skills developed in a blue-chip environment. The successful candidate will have excellent interpersonal skills, a hands-on approach and a keen desire to get the job done.

If you have the ambition to succeed in this demanding international environment, then forward a full curriculum vitae including salary details to John Phillips ACA at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LO or fax 0161 236 6961 quoting reference

Michael Page Finance

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DEPUTY DIRECTOR OF FINANCE

Selector Europe

Spencer Stuart

North West

c.£50,000, Fully Expensed Car, Bonus and Benefits Package

A Newly Created Highly Visible Role In Established Plc

This is an excellent opportunity for a talented finance new accounting system. You will frequently deputise and professional to join a major division (turnover c.£800m) of a make decisions in the absence of the Finance Director and substantial multinational household name. Operating internationally at the forefront of a competitive fast moving sector they have established an impressive track record of growth and profits in recent years. This newly created role is viewed as an important element in the short and long term strategy of the division.

Reporting to, and working closely with, the Finance Director and other Board members, you will assume responsibility for the full spectrum of financial management and control. You will lead and motivate a large finance function to meet the increasingly demanding and sophisticated requirements of a rapidly evolving business, drive the development of financial and management reporting and perform a key role in the implementation of a selection process.

provide an informed commercial perspective on a broad range of operational and strategic issues.

To be considered you will be a Graduate Chartered Accountant in your early to mid thirties. Your track record to date should demonstrate success in a senior management role in a division of a substantial group, ideally within a fastmoving, marketing led environment. A robust personality, high levels of energy and drive coupled with good attention to detail and commercial acumen are qualities required to enable you to succeed within this dynamic and changing environment. Future career prospects are excellent.

The remuneration/benefits package reflects the importance of the appointment and will not prove to be a bar in the final



Please reply providing a detailed curriculum vitae, including current salary details and daytime Please reply providing a detailed curriculum vitae, including current salary details and daytime telephone number to Sally Tourni, Stark Brooks Associated Ltd, Suite 4, 2nd Floor, St James's Buildings, Oxford Street, Manchester M1 6PQ, by no later than Monday, 22nd January 1996.



Have you the accounting talent and onatism to contribute alticantly to a world class internal

- Are you a highly independent and self reliant individual?
- Do you take pride in your incisive natividaal skillis and keen sense of focus?
- Have you an exceptional ability for building positive relationships?
- Can you convince others where you stand on major issues and matters of principle?
- Do you take control and make it appen to the highest standards of
- Are you extremely adaptable, thriving on opportunities to experience new a ent situations?

INTERNATIONAL AUDITIN

maintaining the best talent throughout the organisation. As

the world's largest pharmaceutical organisation, the newly created GLAXO WELLCOME is totally committed to building its business through the excellence of its research a household name - but an international arganisation with an anparalisted reputation for quality and innovation.

Focused on standards of excellence ocross our entire business operations, we are constantly reviewing our proctices, procedures and systems to ensure optimum levels of effectiveness. Our recently formed International Auditing Faaction - a dedicated team with a traly worldwide perspective - reflects this commitment and it is here that we equire exceptional talent to fill exceptional roles.

a non hisrarchical structure and reporting straight to the whilst ensuring that your objectives are met. Director of Internal Audit, you are a true professional whose qualities will add to the success of this key department. An experienced Auditor who understands international cultural differences, can tane into local needs and is committed to 'best practice'. You will consistently enhance and the tolent of its people. GLAXO WELLOOME is not only proctices and processes, recommending and following through key changes, thereby adding value to the operating companies' management process.

> ACA or equivalent qualification is essential, together with a minimum of 4 years post-qualification international auditing and operational experience gained from within the sion and/or a commercial environment. You should have comprehensive IT audit skills and have developed a on 01932 828528 between 9.00am - 5.30pm. high degree of sensitivity to international cultures.

Readily able to work on your own initiative, highly self

As one of our team of international Auditors, working in motivated and tenucious, you will be sensitive to local needs

Although based in London, you must be prepared to undertake significant worldwide travel throughout the GLAKO WEILCOME organisation, often spending several reeks away from home.

The remuneration packages reflect the importance placed on these key roles which can offer outstanding coreer openings into the world's largest pharmaceutical

openings in International Auditing currently available, respond now by calling Tina Spang at Gallap Selection

Closing date: 19th January 1996.

HEAD OF FINANCE – CENTRAL AND EASTERN EUROPE

MULTINATIONAL FMCG

LONDON BASED

TO £55,000 +

EXECUTIVE

BENEFITS

Our client is one of the world's leading US based FMCG multinationals, with operations in over 200 countries and turnover in excess of \$8bn. The Group's success is based on a commitment to provide products and services that meet the requirements of all its customers and consumers, the first time, every time. This is achieved by continuous innovation and improvement in

An opportunity now exists for an outstanding finance professional to head up the rapidly expanding Central and Eastern Europe Division. Based in London, you will travel extensively to these regions. Reporting to the Regional Director, your brief will be to provide an effective finance function designed clearly to monitor, control and "add value" to the business. Specifically,

- Providing positive direction to the achievements of the financial goals of the Division through the evaluation of financial and strategic plans and the review of performance
- Ensuring that the Division meets its Corporate and Statutory obligations through the maintenance of proper financial records and procedures across the specific regions
- · Participating as a member of the Central and Eastern Europe senior management team in the overall direction of the Division

• Generating incremental profits through new initiatives.

Success will be judged by the bottom line effect on profit and the level of internal control achieved in acquired and newly formed

A qualified accountant, you will have gained an impressive record of achievement in a blue-chip, FMCG environment. You are young (aged 30-40), and have enjoyed a rapid career path to date. You have a genuine "feel" for business which is characterised by a down-to-earth, "streetwise" approach and have the confidence to follow your own instincts. An attractive starting package and the potential to develop an outstanding career in a true meritocracy complete the opportunity. Interested candidates should apply to Jonathan Jones of Jones Christopher enclosing your full CV and remuneration details.

Iones • Christopher

FINANCIAL RECRUITMENT CONSULTANTS

Senior Internal Auditor

The Internal Audit Directorate at the Ministry of Defence, Sultanate of Oman is seeking a Senjor internal Auditor. The post is offered on ecompanied contract for an initial period of 2 years, renewable annually thereafter by mutual agreement.

Based at the HQ MQD in Muscat, you will visit military establishments throughout the itanate, undertaking systems-based internal audit functions for the Ministry of Defence and the three Services, including the 3°E'S'. Duties will also involve the training of Omani Auditors

The Internal Audit Directorate makes a recognised and valuable contribution to the Ministry, it is in the process of revising its approach in order to provide a more responsible service to all levels of Command/Management, the successful applicant will contribute towards these

Preferably under 50 years of age, you will be a

Terms of service include annual pay in Omani

Rials equivalent to Pounds Sterling £24,917 and annual transport allowance of £3,190. There is an end of contract gratuity of 20% of the total pay received (pay, allowance and gratuity are TAX-FREE and fully remittable world-wide). In addition an attractive benefits package includes 60 days annual leave with 2 return flights home for self and eligible family, free fully furnished air-conditioned accommodation and utilities, free medical care and first class recreational and sport facilities.

To apply, please write with a detailed CV. quoting reference number MOD/002 to: The Recrytting Officer (L), Military Attachés Office, Embassy of the Sultanate of Oman, 64 Ennismore Gardens, London SW7 1NH.

2 February 1996. Interviews will be held in



Young Chartered Accountants

to provide strong systems project skills coupled with first class communication abilities

Our client is an independent well established investment management Group with a substantial retail base as well as institutional business.

We are looking for two bright, ambitious Chartered Accountants, probably in their mid to late twenties, to take responsibility for the enhancement of current systems, focusing on the needs of customers, both internal and external. It follows that we will prefer candidates with a project orientation, ideally but not exclusively within the financial services industry. Crucially, however, we will be insisting on strong communication skills emphasising the need to relate to differing personalities at all levels within the organisation.

Creativity to produce sophisticated solutions, determination to drive enhancements through and subtlety to ensure smooth transitions are all important facets of the positions. These posts are seen as grooming and testing potential management and as such career opportunities are first class. Meanwhile the salary and benefits package is unlikely

to disappoint the best. Please send a full CV, including current salary details and quoting reference A3280 to Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London WIX 1FF.

Codd • Johnson • Harris

APPOINTMENTS **ADVERTISING**

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For furtherinformation please call:

Andrew Skarzynski +44 0171 873 4054

Toby Finden-Crofts on +44 0171 873 3456

Robert Hunt +44 0171 873 4059

FINANCIAL ANALYSTS (India)

Based Bangalore

Highly Attractive Package

Our client is one of India's most successful and entrepreneurial multinational groups engaged in Spirits, Brewing, Engineering, Pharmaceuticals and Petrochemicals with the majority of its operations in emerging markets. The group has an aggressive and ambitious growth strategy and this is a unique opportunity to join the Spirits Division's dynamic Finance team.

The Positions

- Support growth through improved financial planning and analyses for a variety of business sectors.
- ◆ Analyse financial and business information and prepare incisive reports on operating performance.
- ◆ Undertake capital investment appraisals, competitor analysis, interpret market trends and business reviews and present findings and recommendations to management at senior level.

The Person

- ◆ Ambitious Graduate Accountant/ MBA aged 27-35. Financial planning and analysis experience with entrepreneurial and business flair.
- ◆ Strategic thinker. Excellent analytical and interpersonal skills are essential. along with the self confidence to challenge and influence at senior levels.
- ◆ Commercially assute and self motivated. Confident team player with hands on approach.

Interested candidates should write with a CV quoting reference FA552, stating current and expected earnings to, Mr Vinit Vedi at Withey & Vedi, Status Park Four, Bath Road, Heathrow, Hayes, Middlesex UB3 5EY Tel: 0181 754 1133 or Fax: 0181 754 0638

Withey & Vedi
Consultancy - Scarch - Selection

My client is an international leading Telecommunication and Information Company. The continuous growth of the company is the challenge of tomorrow. The given environment creates an outstanding opportunity for an ambitious

Corporate Accountant

The requirement is for an ACA, ACCA or CIMA with two to four years post qualification experience in an international company - preferably in a similar function in Finance and Controlling or with an international Audit Company.

YOU are a 'generalist' with sound experience in the consolidation of companies financial statements, financial analysis and in preparing financial statements to accordance with IAS.

YOU are looking to join a dynamic young team and bring with you excellent communication skills and familiarity with commonly used PC software.

As YOUR place of work would be in the area of Bonn - Köln/Germany, competence in the German language is expected.

Please send your CV, quoting current salary to ...

BERATUNG FÜR FÜHRUNGSKRÄFTE

CZWALINA CONSULTING INZLENGER STRASSE 65 CH-4125 RIEHEN TELEPON (00 41) 61/641 16 50 UND 641 16 21 FAX 61/641 60 19

Group Finance Manager

S.W. London

£40,000 + car + bonus

Our client is an exciting industrial plc with a superb performance record achieving year on year growth both organically and by acquisition. The Group holds dominant positions in the markets it serves and has tripled the level of activity, to c200m, over the last four years, aiming to continue such growth and development through its base of strong core business

A key element of this development is to now appoint a Group Finance Manager who, based at the Corporate Headquarters with the small but high calibre management team and reporting to the Chief Financial Officer, will have three prime areas of responsibility:

- group accounting, statutory accounts, budgets, forecasts and the provision of management information for the Board
- to upgrade the group's computerised financial reporting system • to exercise group financial control over operating subsidiaries
- Candidates for this challenging role should be qualified chartered accountants, aged early 30's, with first class accounting and PC skills coupled with excellent inter-personal abilities. Furthermore an entitusiastic and pragmatic approach are pre-requisites as the successful candidate will be working and liaising at all levels within this progressive group.

Please write enclosing your full curriculum vitae quoting ref 643 to: Philip Cartwright PCMA, Cartwright Consulting, 3 Wigmore Place, Cavendish Square, London W1H 9DB Tel: 0171 371 9476 Fax: 0171 371 9478.

CARTWRIGHT CONSULTING FINANCIAL SELECTION & SEARCH

Commence of the commence of th

INTERNATIONAL INSTITUTE OF TROPICAL AGRICULTURE

POSITION ANNOUNCEMENT - HEAD OF INTERNAL AUDIT

Due to an internal promotion, the International Institute of Tropical Agriculture (IITA), based in Ibadan, Nigeria, and with a mandate for agricultural research in sub-Saharan Africa, seeks a suitable candidate to head its Internal Audit Unit, with a staff of four.

IITA is one of the nonprofit, international agricultural research centers in a worldwide consortium sponsored by the World Bank, the Food and Agriculture Organization (FAO) of the United Nations, the United Nations Development Program, and over 40 contributing donor countries and institutes. ITTA's headquarters, situated on a 1000 hectare campus on the outskirts of the city of Ibadan, comprises research laboratories and experimental fields, excellent housing and recreation facilities, an international school for children up to the age of 12, and good communication and transportation infrastructure. Salary and benefits are internationally competitive, free of Nigerian income tax, and include a personal car, support for education of children, annual home leave travel, and health

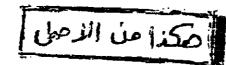
ITA stations and research sites are located throughout sub-Seharan Africa and as a consequence the successful candidate will be required to travel frequently. Fluency in both written and oral English is essential, and a working knowledge of French is desirable. Previous international experience, particularly in a developing country, would be considered an advantage.

A professional certification (CA, CMA or CPA) and a minimum of 10 years accounting/auditing expenence is assential. Ideally, candidates will have worked in a variety of organizations and possess broad-based experience of assessing management issues, encompassing operations as well as financial statement preparation/review. Accounting software running on DEC Alpha machines, as well as a large PC network, will recessitate good computer systems knowledge.

Applicants for this position are invited to send their curriculum vitae, the names and addresses of three professional referees (including telephone, fax and email numbers), before 31 January, 1996.

Dr. Lukas Brader Director General ITTA c/o L.W. Lambourn & Co.Ltd. Carolyn House, 26 Dingwall Road, Croydon, CR9 3EE, UK.

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EXECUTIVE SEARCH & SELECTION

Group Finance Director (Designate)

Major Leisure Based plc in North East c£100,000 package

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Next Step Please write to our advising consultant Jenny Mayes, quoting reference G/0074, at the address below. Alternatively if you would like a discreet conversation about the role, please call her on 0121 200 3000. Executive Search & Selection,

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GROUP ACCOUNTANT

Major Strategic Change

West/South West

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London

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As a key member of the Group financial reporting team, you will have substantial involvement in All aspects of Group reporting including consolidations and analysis for external reporting.

Preparation and analysis of the monthly management reports for the Board and senior management.

Linison with business units on financial data and plans.

Ad hoc projects including acquisition and disposal accounting, systems development and technical issues.

These responsibilities are unusually broad and involve exposure at the highest levels. You will therefore be a recently qualified ACA, preferably trained within a Big 6 London office, with excellent technical skills as well as a good business perspective.

A team player, who is committed and energetic with a good sense of humour, you must be a self-staner with well-developed time management skills. PC skills, an attention to detail and an ability to work to tight deadlines are vital. The opportunities within this young team are significant but the demands will be equally great.

Interested candidates should write with full CV, quoting current rewards package, to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A IDY, Tel: 0171 430 9000, Fac 0171 405 5995 quoting ref: HKW/14016/FT.

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Analyse all aspects of budgeting and forecasting in addition to interpreting sales, margin and

Develop board reporting of key operational issues.
 Provide added value services and thereby assist in driving the business forward.

A qualified Accountant with a broad financial management background, as well as strong financial planning and analysis experience, your commercial acumen must be one of your greatest assets. Your personal credibility will be a reflection of your sharp business mind and your strong relationship building and influencing skills.

You will have worked in a fast moving, preferably international, environment and you will have the high levels of stamina and the enthu ism required for this challenge.

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In addition you will be a key and management reporting.

To respond to the above and develop within the organisation you will be a qualified Accountant with a strong technical and academic background. Broad systems experience and knowledge of multi-currency consolidation systems are essential. You will be flexible, confident and enthusiastic with excellent communication skills, possessing an easy ability to work well both within a team and on projects allocated specifically to you. Excellent opportunities will exist for further career development.

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London/Kent

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Restructure and develop the Management Accounting function. Provide key input in terms of driving the business forward.

Interface with the Strategic Business Planning and Commercial functions.

international and trans-border issues).

c£45.000. Car, Bonus

To perform and develop the role you will be a Qualified Accountant (probably, but not essentially, an ACA) with a high level of technical knowledge and good team leadership skills. You will possess a high degree of energy, enthusiasm and commercial acumen, and will be able to positively challenge both current practices and proposed plans, gaining the confidence of other divisions and senior managers.

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MANAGEMENT

JOHN KAY A question of clarity and certainty



BT (and other telecom companies) should be modified to include a general prohibition on

This proposal is strongly resisted by BT, which argues that practices that cause concern should be the subject of specific prohibitions. These would be inserted in the company's licence, subject to a right of appeal to the Monopolies and Mergers Commis-

The parable of BT's dress code deserves to be more widely told. After privatisation, the company decided it was time to shake off the sloppy dress habits of the public sector. A directive went round telling senior employees that they should adopt suitable business

The directive caused some resentment. Those who opposed it demanded greater clarity and certainty. When they went to the wardrobe in the morning, how could they know what would represent suitable business dress.

After advice from its legal and regulatory affairs department, the company agreed to promulgate a dress code. Senior male employees were expected to wear smart suits, shirts with collars, and ties. It was not long before someone came to the office in a red suit. When criticised, he pointed to the terms of the dress code. The suit was undeniably smart: but it was the smartness of a nightclub rather than a boardroom.

So the dress code had to specify colour. Red was out, grey was in. But what of blue? Some blues were clearly acceptable. The chairman's favourite suit, in fact, was a fetching shade of navy. But bright blues could not be admitted. So how bright was bright? BT research came up with the answer. Brightness is determined by how much light a fabric reflects. A machine could measure this, and one was soon constructed and installed in the reception areas.

But ties posed a more intractable problem. It was simply impossible to define which colours and

Don Cruickshank. motifs were acceptable. A clear-the telecoms regu- ance procedure seemed the best answer. Anyone who bought a new tie could submit it to the dress code department, which had 42 days to rule on whether or not it was suitable business dress. This was difficult, since the

appropriateness of a tie might depend on the context - the suit and the shirt that went with it. So decisions were rather conserva-tive. This raised the issue of an appeal mechanism.

Delegating discretion over approval of ties to the dress code department made it judge and jury in implementing regulations it had devised. But this violated natural justice. The company agreed that a small group of senior directors, with an indepen-dent fashion adviser, would bear complaints from employees who felt their ties had been unreason-

The world is rarely clear, and if it seems so today it will have ceased to be so tomorrow

ably rejected.

But there was the more general problem of changing fashion. After all, it was not so long since every gentleman had gone to work in a wing collar and frock coat. Not only were other forms of dress now acceptable, but wing collars had probably ceased to be acceptable. Not the image of a modern information company. A well-known fashion designer agreed to chair a standing working party to advise the company on fashion trends.

By this time, the dress code extended to 50 pages, largely impenetrable. No sensible employee read it, and when they were given a copy they were told that if they only behaved sensibly they would probably be all right. Knowledge of its contents was confined to the dress department, which by this time consisted of 20 people, mostly lawyers, the union representative who negotiated over it, and a few cranks who enjoyed pointing out inconsistencies and anomalies in the

Eventually a new management came in, determined to sweep the dress code department away. They quickly realised there were two

alternatives. One was to supply a uniform to all employees. This was obviously an intolerable interference in personal affairs. The other was to sweep away the dress code and renew the instruction to everyone to wear suitable business dress. If anyone was in genuine doubt as to what

constituted suitable business dress and not many people were they were advised to have a word with the dress regulator. He had been given this role precisely because of his sound judgment and range of business experience. What the regulator said bound no one, but to ignore his advice was injudicious and might prejudice advancement in the company.

The demand for clarity and certainty in regulation has great superficial plausibility, and it is because it is difficult to argue against clarity and certainty that it is best to resort to a parable. The world is rarely clear and certain, and if it seems so today it will have ceased to be so tomor-

It is no more possible or sensible to give an exhaustive description of what constitutes anti-competitive behaviour than to give an equivalent description of suitable business dress. When is it competitive and when is it predatory to charge a low price? Or different prices to different customers?

In both cases, you can exemplify things that are, and illustrate things that are not. But what you are trying to promote is an attitude and a style of behaviour. For those who understand that, formal rules are irrelevant; for those who do not, they have very little value.

The demand for clarity and certainty comes from two sources. It comes from naive people who do not realise that effective regulation which eliminated discretion would altimately lead to intrusion into every aspect of business life. And it comes from those who are very far from naive, and who understand that the sheer impracticality of what they seek would emasculate regulation in interminable legalism.

or entrepreneurs who have built a successful family owned business from scratch. handing over coatrol to someone else can be fraught with difficulties.

Is there a son or daughter willing or able to take on the job? If not, is there a manager who can take over, or should an external appointment be considered? Should a different form of ownership be considered, and what would the implications be for the family's stake?

Earlier this month, Ingvar Kamprad, Swedish founder of Ikea, disclosed that he did not want any of his three sons to become chief executive of the furniture store chain because of the risk that disputes between them could damage the business. "They accept my reasoning," he said.

In contrast Atlet, a lift-truck producer based near Gothenburg, is pinning its hopes on "keeping it in the family". Last year, Marianne Nilson, 31-year-old daughter of comnany founder Knut Jacobsson, was appointed managing director - just seven years after suggesting to her father that she should take more interest in the family business. The appointment sparked intense

interest in Sweden because of the rarity of such a senior appointment for a woman anywhere in European engineering, let alone in Scandina via. It also showed that solutions vary to the problems of succession. Atlet's history bears many of the hallmarks of the typical European

engineering company built from nothing by one emrepreneur manager/technician. "The culture of Knut is in between the walls here." says Nilson. Jacobsson founded Atlet in 1958

without capital, products or organisation. He even purchased his first components with money his wife Rajnvi had saved to buy a scooter.

Mrs Jacobsson never got her scooter, but in the past 38 years Atlet has been transformed. What began as a producer of a handful of pedestrian and ride-on stacking trucks has become Europe's fourthlargest supplier of warehouse lifttrucks with projected sales for 1996 of SKr1bn (£100m). It remains fully

owned by Jacobsson and his family. Success has resulted in large part from the characteristics often seen in small to medium-sized engineering companies, such as good product design and development. Atlet has also developed a manufacturing process that allows virtually every lift-truck to be made to order.

Nilson is the third of five sisters the others are a dentist, a doctor, a psychologist and a teacher. It had never been intended that she would join Atlet but, she says: "I had been selling pharmaceuticals, so I thought 'Why not sell lift-trucks

According to Nilson, her father had not thought much about the

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Family planning

The succession issue was solved for a Swedish lift-truck maker by the founder's daughter, writes Andrew Baxter

early in 1988 that she might join the company. Coincidentally, around this time Atlet's board of outside directors had begun talking to Jacobsson about the succession. and in 1991 the founder and his wife attended an IMD seminar in Lausanne on how family-owned companies can address the issue of succession. "It enabled them to see how other companies have handled the issue," says Nilson.

Atlet spent some time looking at how other Swedish family-owned companies, including Ikea and Tetra Pak, the packaging producer. coped with their succession issues, but the lessons were limited, says Nilson, by the fact that the industries and markets were so dif-

She dates her active involvement with Atlet from 1988, when she began a business administration degree course, but she joined the company in a full sense only in 1992. She worked at first on a components supply project before becoming export manager and then marketing director.

In November 1994, Nilson was named managing director designate, and took on the role fully last April, when her father, now 72, became chairman of the board. Nilson's rise through the company has been remarkably quick. and she admits it may have been better if the succession process had been decided 10 years earlier.

She is not unique in taking on the managing directorship of an englneering company so young - Sir Anthony Bamford, for example, was 30 when he became managing director (and later chairman) of J. C. Bamford Exeavators (JCB). albeit after a longer period working in various roles at the UK construction equipment manufacturer.

Moreover. Nilson stresses, her appointment was not automatic, and she has had to prove herself. As a family member, however, she did have one clear advantage. Although there were inquiries from outsiders interested in the managing director's job, Atlet did not consider an external appointment seriously, "In a medium-sized company that is completely family-owned, it would have been a difficult position for that person," says Nilson.

She suggests that one way for family-owned companies to cope successfully with the succession issue is to have a "good, valid business idea". Atlet, for example, has stuck rigidly to its mission of increasing the efficiency of its customers' internal materials handling resisting the temptation even to produce lift-trucks for external use.

The role of the non-executives was also important, and not only for prodding Jacobsson to think about the succession. As they did not know her, they took some time to be convinced she was the right person for the job, and provided a foil to Atlet's family council -Jacobsson and his five daughters. The other sisters, two of whom are married to Atlet employees, supported Marianne's push for the top.

It has also been important for Atlet to strike a balance between achieving continuity - in manage ment policy and culture - and accepting the need for change because personalities vary.

Nilson has been careful not to take on too much at once. She is not an engineer, and sees that it makes sense for her father to keep overall control of product development. "That's his baby," she says. In other matters. Nilson is in con-

trol on a day-to-day basis, although she admits she would clear any big changes with her father and she will delegate more than he did, especially on technical issues.

Employees, in turn, are having to adjust, says Lars Gustafsson, marketing manager. "They are realising that they cannot always delegate upwards, as they used to with Knut. They have to take more responsibil-

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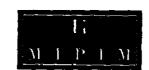
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Britain takes on Broadway

Alastair Macaulay discusses the two-way theatre traffic across the Atlantic

nyone who watches theatre in both New York and London will be aware of the intense two-way correspondences between the two. Virtually any Arthur Miller premiere will be produced in London very soon after its American opening, and, a little later, any Sondheim too. The off-Broadway success of Three Tall Women in February 1994 promptly led to the West End production of the same play with Maggie Smith And so it goes. Terrence McNally's gruesome but popu-lar star-vehicle Master Class is one of the latest American candidates for the West End. But it is especially fascinat-

ing to watch New York productions of spoken plays whose original British productions you have watched in London. During 1995, I caught no less than four New York stagings of plays or productions that had started life at London's National Theatre: in June, the Lincoln Center Arcadia and the Broadway Indiscretions (i.e. Les Parents Terribles); in December, the Lincoln Center Racing Demon and the Off-

Broadway Mrs Klein. Tom Stoppard's Arcadia and David Hare's Racing Demon. although presented on the thrust stage of New York's Vivian Beaumont Theatre amid a semi-circular auditorium, were both restaged by their original directors, Trevor Nunn and Sean Mathias, and remained very close to their original National Theatre productions. Both plays are so many American actors, finoroughly English that a high allowed herself to be miked. proportion of critical scrutiny has focused on the quality of the actors' English accents. On the other hand, theatre at Lincoln Center has so Anglophile an audience that a great deal of interest is virtually guaranteed for these productions.

The main event of the New York Mrs Klein is that its title role is played by Uta Hagen. Called "the queen of off-Broadway", Hagen is chiefly known in Britain for her books about the art of acting and for her 1964 performances here as Martha in Edward Albee's Who's Afraid of Virginia Woolf?, a role she had created in New York in 1962. Her distinguished New York career, including major roles by Shakespeare, Turgeney, Chekhov, Bernard Shaw, Clifford Odets, and Tenee Williams, spans back to

Her Melanie Klein was among the most skilful, subtle, and potent performances I have seen in the American theatre. Yet about half of it felt less like Mrs Klein than a master-class in Great Acting. Her pacing abounded in virtuosic transitions of tone that did not always ring true; and her gestures were often more outsize than her vocalisation. Laila Robins, as her daughter Melitta, and Amy Wright, as her apprentice, were very fine in the other roles: the sure direction was by William Carden.

Since the Lucile Lortel Theatre is small, I was shocked to find that Hagen, like all too

Hagen's most famous book is called Respect for Acting. Acting without microphones something increasingly rare in New York theatre - would be a good way to show respect for

byiously Arcadia was the kind of

new English play that New York should Though England is its setting, Stoppard's material constantly transcends that. Trevor Nunn's staging, despite some major blips of casting and accent, recaptured the internal dynamics of the play with more freshness that any rendition of the play since the original National Theatre cast. Racing Demon, however, is a play more exclusively English in its interests. Several scenes about the problems facing the Church of England seemed, in New York, at best of minor interest; and Richard Eyre's direction allowed these pas-sages to flag. Some of Hare's writing sounds distinctly creaky now: notably the various solo addresses to God and the big Act Two scene between Tony and Stella.

Nonetheless, Josef Sommer played the leading role of the Rev. Lionel Espy with such fine humanity that he eventually showed the play's strengths. By the end, Racing Demon started to feel like a late-20th-century counterpart to the Church of England drama that Trollope makes so enthralling in The Warden: the ecclesiastical protagonists's crisis of conscience, the secular and religious ambitions and practises of his various colleagues, the importance of their various womenfolk. It will be remembered that David Hare some years ago announced that his plays would no longer be performed in New York while Frank Rich was drama critic of The New

of theatre-life-after-Rich, Hare has now dropped his embargo. Meanwhile, Athol Fugard was directing and acting in his own new play Valley Song, which he will bring to Lon-don's Royal Court in February. This tale of an old coloured farmer and his granddaughter, who can sing and wants to develop her talent in the big city, is much the weakest work of Fugard's I have seen, slow and repetitious. The intimate setting at the small Manhattan Theater Club at City Center only worked against it. Fugard and Lisa Gay Hamilton put across this fragile and sentimental piece to the nearby audience as if it were a lecturedemonstration for schoolchild-ren. It is hoped that this casestudy of the socio-political climate of South Africa today will appear less earnest and more brisk when it reaches the

York Times; this production

demonstrates that, in the era

Royal Court. The Circle in the Square Theatre - which in February visits Glasgow with Elizabeth Ashley in Tennessee Wil-

- revived Philip Barry's 1929 Holiday, and reminded its audience of the craftsmanship and charm of a bygone period of American playwriting. Barry's other plays include The Philadelphia Story, and, like that, Holiday is best known from its film version starring Katherine Hepburn (who understudied the original stage production) and Cary Grant.

In the theatre, Holiday plays beautifully. It is a period piece, in which the hero is torn between the establishment Park Avenue capitalist values of his fiancée's father and the bohemian sympathies of her elder sister. Written with wit and feeling, Holiday must once have seemed more harmless than it does today. But the pacing and elegance of David Warren's staging are perfect. Though Laura Linney shouts, in a brittle sub-Hepburn performance, as the heroine. Tony Goldwyn's hero is a completely fresh performance; Rod McLachlan and Michael Countryman are excellent in supporting parts; and Reg Rogers is outstanding as the heroine's hopeless and bibulous brother Ned. Rogers's performance is not only the most evocative of the play's period, but also the most multi-faceted, uttering with ideal simplicity several lines that are at once hilarious and poignant. Barry's The Philadelphia Story once provided the young Fiona Shaw with a superb vehicle: a British revival of his Holiday would be no bad idea.



Sentimental: Lisa Gay Hamilton and Athol Fugard in Fugard's 'Valley Song', which comes to London's Royal Court theatre next month

He can do little with the role

of Siegfried as is it shown us in

this staging (drama in Act 1

amounts to looking at his

Tutor's library book) but he

and temperament.

tured style.

A voice to the melody born

Andrew Clark talks to the Austrian singer, Wolfgang Holzmair

hen Wolfgang Holzmair steps onto the platform of the Wigmore Hall next Friday, there will be a mood of high expectancy in the audience. Holzmair is increasingly regarded as one of the great interpreters of German Lieder, and his London recitals are events to be cherished. What most of his audience will be unaware of is that, before his appearance, Holzmair will have been sitting alone in silence backstage, shutting himself off from all

thought of the music he is about to sing. "It's a bit like yoga", says Holzmair, a mild-mannered Austrian. "The aim is to cast off the inessential, to stop thinking of the opening song. My concern is not 'Is everything OK with my voice? It's more 'Can I communicate?'. The only way to do so is to empty my mind of thoughts. I immediately sense whether or not an audilargely on my own concentration."

Holzmair gives the impression of being totally absorbed in and by the music. He sings from the heart in a spontaneous way, as if each song is a private self-communing. The key to his artistry is the way he marries the text to the music. The anguish of lost love, the sense of pathos, the suppressed rage at the vagaries of fate all are conveyed with the subtlest inflections of tone-colour.

Holzmair's voice is a high baritone with a French timbre, known as a baryton Martin. The contrast with German baritones of the Fischer-Dieskau school is striking. Where they sing with a hard Prussian sound, Holzmair's voice has a gentle quality, as if born with melody. He believes it stems from the softer way Austrians speak

Holzmair was a late starter. He took singing lessons, joined the Vienna Singverein and in his own words, "it came as it came". After winning two awards, he gave up his copyright job and joined the opera company in Bern. He also made a Lieder recording, which was favourably reviewed in Grammophone in 1989. William Lyne,

artistic director of the Wigmore, took note and engaged Holzmair immediately.

His Wigmore Hall debut established his name internationally. Although he is a natural Papageno and an accomplished interpreter of Pelléas and Gluck's Orphée,

he is now in such demand as a recitalist that there is little time for opera. Holzmair talks about singing poems



Holzmair: London bound

the poems, and to find them modern enough for our time, even if they were written 200 years ago. The feeling of Sehnsucht (longing) in German Romantic poetry is relevant today. Loneliness, disappointment in love - we have them now just as much as then. We might not use the same words, but could any song-cycle be more up-to-date than Winterreise?"

Over the past year Holzmair has sung around 250 different songs, an unusually large repertoire. Although he is best known for Lieder, he has proved equally skilled in French mélodies. He scored a notable success in Paris last year with Fauré's La Bonne Chanson, which he repeats in his forthcoming London recital. He says La Bonne Chanson is difficult to choreographically suspect verinterpret, because all nine songs are positive in mood. "It's easier to talk expression crammed onto an inade-

sively about despair than hope". He has sung Hindemith's American songs and Barber's Dover Beach, and is interested in Britten and Vaughan Williams, "although they're not what people ask me to sing". His current project is a Schubert programme on the theme of the four seasons, which he will present towards the end of 1997.

"It's important to do the mental work long in advance, and let each song sink into your subconscious," says Holzmair. "This influences the way you work in rehearsal. I like to find out how far the pianist and I can go - how free we can be tions, stresses and syllables are important, but nothing should be fixed. All must be conveyed in a natural way, without overpronunciation or over-declamation. With some pianists, you have the feeling they only want to serve you. I like to be chal-

lenged."
The greatest challenge of all, of course, is to interpret Winterreise. Die schöne Müllerin and the other great 19th century song-cycles. Holzmair says Die schöne Mül*lerin* demands a storyteller "who may be the miller himself. It's a simple story of a man who falls in love with a woman, is rejected, and after repeated attempts to gain her, commits suicide. It contains more hope than Winterreise, and it reaches some sort of resolution. Winterreise is more a reflection on the different states of disappointment and despair. It starts with rejected love, and there is no end to the

Holzmair gives a masterclass at the Royal College of Music in London on January 17, and sings at the Wigmore Hall on January 19 and 21. He tours North America between February I and 17.

or the faithful, it sufd fices to say that English National Ballet continues its residence on the South Bank and is, this week, playing Swan Lake. I wish there were some means of identifying the ballet more truthfully, since the title can mean the ballet as staged at the Kirov or, as here, in a

fashion. It is also unfair to dancers to hope for much by way of interpretation when treading round and through the encumbrances of the third act, where the set is more like a Lady Chapel than a ball-room. With the

t is an irony that one of

Benjamin Britten's song

A this island. Although his

operas have crossed the Chan-

nel and are to be found in ever

more opera-houses throughout

Europe, Britten's fine songs

have largely stayed at home,

seemingly insular in their

appeal like so much other later

Is it the music that acts as a

deterrent or the words? In gen-

eral, composers since the war

have placed a greater emphasis

on the poetry in the art of song-writing than their prede-

cessors did and Britten was no

exception. Michelangelo,

Blake, Donne and Hardy were all set by Britten in a style that

gives the words equal impor-

tance. There is no question of

sitting back passively to enjoy the music while ignoring the

meaning of the poem, as many

in an audience do with Schub-

20th-century music.

quate stage, quart into pint-pot right repertory, ballets and dancers can be themselves

(rather than their own poor relations) on this shelf of a stage. Not so Swan Lake, which demands - and does not receive - stars and a lot of panache in this sub-Bolshoy On Wednesday afternoon,

with cohorts of school-children an enthusiastic and very attentive audience, I went to see the British debut of Laurentiu Guinéa. ENB's guest. Trained in Bucharest - by Russian teachers, I'd hazard - and in his late 20s. Guinéa is a true classical danseur, by physique

Ballet/Clement Crisp delivery to the gim-crack bravura which is Siegfried's Swan Lake

Most important, at every moment he took the stage like a Prince. Probably nervous, unfamiliar with the staging, and not helped in the big dance sequence by lethargic tempi (the score is supposed to buoy the dancer up, not hang round his ankles), Guinéa looked good, and is a welcome and impressive new-comer.

establishes romantic feeling, and in a brief moment of danc-On a family note, I record ing reveals a fluent, rich-texthat the character referred to in the programme as Queen He proved a strong partner Mother has either been lying madly about her age or has the lake-side to Irena Pasaric's Odette, and in the found the world's best plastic ball-room - dodging pillars and the various other hurdles surgeon back-stage. She didn't look old enough to vote, let alone rule a kingdom, not even of a small and crowded stage - he gave elegant, polished a balletic one.

Concert/Richard Fairman

Britten's songs

thoughtfully lightened the concentration load. Each recital has been planned to reflect upon its subject by featuring other composers alongside: at Tuesday's early evening programme reaching Purcell, who was so important an influence - as Britten himself acknowledged when he made "realisations" of some of Purcell's

vocal solos. Listening to the countertenor Michael Chance caressing the first word of the arrangement of "Sweeter than roses" showed splendidly how Britten learned from Purcell's expressive heightening of the words. (No single Euro-language could ever capture wordpainting like this.) It was an interesting pro-

ert or Schumann. The Wigmore Hall's impressive Britten song series has gramme, based on a 1971 Alde-

burgh Festival recital, which included Britten's Second and Fourth Canticles. Chance was beautifully subtle in those too. which only served to expose the relative clumsiness of the tenor and baritone, Adrian Thompson and Richard Jackson. Julius Drake was the accompanist.

The evening recital on Tuesday sketched a portrait not of a composer, but of a singer. Britten responded very positively to the voices and personalities of specific artists and one of the most powerful (in both senses) to have inspired him was the Russian soprano Galina Vishnevskaya. On holiday in Armenia in 1965, he wrote for her The Poet's Echo to words by Pushkin, breathing in much

of the musical style there at the time.

born in England but holding a higher degree in Russian, is no second Vishnevskaya and does not try to pretend that she is In complete accord with the impeccably-turned accompaniments of Malcolm Martineau, she sang her Britten cycle with an exquisite sense of its poetry. Each subtle moment of phrasing or pointing of a word ment can achieve. Her Tchaikovsky was delightful and her singing of Mussorgsky's The Nursery free from excessive little-girl play-acting. Vishnevskaya would have been more formidable in Shostakovich's Satires, but Rodgers found for them unsuspected force. In her own way she makes a very satisfying recitalist.

Sponsored by Enskilda Securities; main festival sponsor the Britten Estate in association with Radio 3.

INTERNATIONAL

BERLIN

CONCERT Konzerthaus Tel: 49-30-203092100/01 Bruckner-Orchester Linz: with conductor Martin Sieghart and violinist Boris Pergamenschikow perform R. Schumann's "Cello Concerto in A minor" and Bruckner's "Symphony No.6"; 8pm; Jan 16 Kammerphilharmonie und Chor des Mitteldeutschen Rundfunks: with conductor Salvatore Accardo, soprano Helen Bickers, alto Alicia Nafé, tenor Daniel Galvez-Vallejo and bass Kenneth Cox perform Beethoven's "Symphony No.4" and Rossini's "Stabat Mater"; 8pm; Jan

■ BIRMINGHAM

CONCERT Symphony Hall Tel: 44-121-2123333 City of Birmingham Symphony Orchestra: and the ladles of the City of Birmingham Symphony Chorus with conductor Mark Elder perform Delius "A Song of Summer".

Tippett's "Triple Concerto" and Hoist's "The Planets". Soloists Include violinist Lyn Fletcher. viola-player Christopher Yates and cellist Ulrich Heinen; 7pm; Jan 13

■ CHICAGO MUSICAL

Shubert Theate Tel: 1-312-977-1700 Jekyli & Hyde: The Musical Thriller: by Leslie Bricusse and Frank Wildhorn. The cast includes Linda Eder and Robert Cuccioli; Tue - Thu 7.30pm, Frl, Sat 8pm, Sun 3pm, matinees Wed, Sat 2pm; from Jan 16 to Jan 28 (not Mon)

DRESDEN

OPERA & OPERETTA Sächsische Staatsoper Dresden Tel: 49-351-49110 Ariadne auf Naxos: by R. Strauss. Conducted by Wolfgang Rennert and performed by the Sächsische Staatsoper Dresden. Soloists include Dame Gwyneth Jones (Jan 14), Helga Tiede (Jan 17), Norbert Orth, Roxana incontrera and Karl-Heinz Stryczek; 7pm; Jan 14, 17

LEIPZIG

DANCE Oper Leipzig Tel: 49-341-1261261 Amerika: a choreography by Uwe Scholz to music by Gershwin, performed by Ballett Leipzig. Robert Hanell conducts the Gewandhausorchester and pianist G. Erber, 11am: Jan 16 **OPERA & OPERETTA** Oper Leipzig Tel: 49-341-1261261

Eugene Önegin: by Tchaikovsky.

Conducted by Jiri Kout and performed by the Oper Leipzig and the Gewandhausorchester. Soloists include Monika Luck, Annette Markert, Anelott Damm and Tomas Möwes: 7,30pm; Jan 17

OPERA & OPERETTA Opéra de Lille Tel: 33-20 06 88 04 Il combattimento di Tancredi e Clorinda: by Monteverdi. Conducted by Giovanni Antonini and performed by Il Giardino Armonico. Soloists include soprano Anna Caterina Antonacci and tenor Philip Langridge; 8pm; Jan 17

■ LONDON

CONCERT Barbican Hall Tel: 44-171-6388891 Symphony No.9: by Mahler. Performed by the Philharmonia Orchestra, conducted by Benjamin Zander; 8pm; Jan 17 Wigmore Hall Tel: 44-171-9352141

 Marc-André Hamelin: the planist performs works by Liszt; 4pm; Jan **OPERA & OPERETTA** London Coliseum

Tel: 44-171-8360111 Turandot: by Puccini, Conducted by Noel Davis and performed by the English National Opera. Soloists include Janice Cairns and Edmund Barham; 7.30pm; Jan 16

■ MALIBU EXHIBITION

The J. Paul Getty Museum Tel: 1-310-459-7611 The Magic of Material Things: Albert Renger-Patzsch: an exhibition

of about 45 photographs by the German artist (1887 - 1966) whose book "The World is Beautiful" (1928) was an early hallmark for the German art movement Neue Sachlichkeit. The works on view cover a wide range of subjects, both industrial and natural, that suggest many affinities with the American "straight photography" movement;

■ MALMO

from Jan 16 to Mar 31

EXHIBITION Malmö Konsthall Tel: 46-40-341293 Max Ernst basis for the exhibition is a large collection of sculptures by this Surrealist artist (1891 - 1976), complemented by related works in other techniques. Also on display are a collection of friends' photographic portraits, and documents of contemporary photographers such as Man Ray, Bill Brandt, Henri Cartier-Bresson, Lee Miller, Frederick Sommer, Irving Penn and others; to Jan 14

MUNICH

CONCERT Philharmonie im Gasteig Tel: 49-89-48098506 Bamberger Symphoniker: with conductor Kurt Sanderling and violinist Antje Weithaas perform Mozart's "Violin Concerto in A major and Bruckner's "Symphony No.3"; 8pm; Jan 14 DANCE Nationaltheate

Tel: 49-89-21851920 CONCERT Swan Lake: a choreography by Nathalie Ştutzmann: Ray Barra after Petipa/Iwanov, performed by the Bayerisches Staatsballett. Soloists include Elena

Pankova and Oliver Wehe; 8pm; Jan

NEW YORK CONCERT

Alice Tully Hall Tel: 1-212-875-5050 Third Annual Marilyn Home
 Foundation New York Recital: for the concert mezzo-soprano Marilyn Horne will be joined by mezzo-soprano Michelle DeYoung, tenor Bruce Ford, baritone Rodney Gilfry and soprano Janet Williams. Featured composers include Bellini. Copland, Debussy, Griffes, Handel, Mahler, Quilter, Rodgers and Hammerstein, Stolz, Strauss and Villa-Lobos; 7,30pm; Jan 16 DANCE

New York State Theater Tel: 1-212-875-5570 New York City Ballet: perform the choreographies "Glass Pieces", "Afternoon of a Faun", "Antique Epigraphs" and "West Side Story Suite" by Jerome Robbins; 2pm; Jan

EXHIBITION The Pierpont Morgan Library Tel: 1-212-685-0008 A Great Heritage: Renaissance and Baroque Drawings from Chatsworth: exhibition of 103 drawings, mostly from Italian artists. The display includes works by

Domenico Ghirlandaio, Leonardo da

Vinci and Andrea del Sarto; from Jan

PARIS

Salle Gaveau Tel: 33-1 49 53 05 07 accompanied by pianist Inger Sodergren. The mezzo-soprano

performs songs by Schubert, Brahms, Mahler, Fauré and Debussy; 8.30pm; Jan 15

Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50 Orchestre des Champs-Elysée with conductor Philippe Herreweghe and planist Andreas Staier perform R. Schumann's "Manfred", "Piano Concerto in A minor and "Symphony No.3"; 8.30pm; Jan 16 OPERA & OPERETTA L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99

 La Bohème: by Puccini. Conducted by Louis Langrée and performed by the Opera National de Paris. Soloists include Roberto Aronica, LeRoy Villanueva, Carlos Feller and Cristina Gallardo-Domas; 7.30pm; Jan 16, 19

■ TORONTO CONCERT

Jane Mallett Theatre Tel: 1-416-366-7723 Richard Goods: the pianist performs works by J.S. Bach, Schubert, Brahms and Chopin; 8pm; Jan 16

WASHINGTON **EXHIBITION**

Hirshhorn Museum and Sculpture Garden Tel: 1-202-357-2700 Stephan Balkenhol: Sculptures and Drawings: exhibition of 30 carved and painted wood sculptures, together with a group of large-scale chalkboard drawings, by German artist Stephan Balkenhol. The exhibition travels to the Montreal Museum of Fine Arts in

Canada (Feb 15 to May 26); to Jan

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Philip Stephens

Survival of the fittest

Tony Blair should remember that his party will not be immune to the tensions now threatening traditional tribal politics

Pay no heed to those who tell you that Margaret Thatcher's lecture to the Centre for Policy Studies was a calculated reopening of hostilities with John Major. Give equal weight to those who say her acerbic remarks about Tony Blair's New Labour mark a miraculous rapprochement between the Lady and her once-chosen successor. It's all bunkum,

The reality is prosaic. Lady Thatcher indeed believes Mr Major has betrayed her revolution. She has thought so ever since she remarked back in the summer of 1991 that he was spending like a socialist and selling out to Europe's federalists. Four dispiriting years as a fading luminary on the international lecture circuit have bardened her arteries. She desnises consensualism. He exalts it. Were she still at the helm, Britain would never dream of giving up sterling to a Germandominated "Euro". He will not

make up his mind. So between the lines of anything the Lady says about the course of British politics can be found a swipe at Mr Maior. To be genuinely supportive she would have to take a Trappist vow of silence.

Like almost everyone else in the Tory party, Lady Thatcher is looking beyond the next general election. Friends say she despairs of victory. She is fixated by the succession to the Conservative leadership. But she must take care to be loyal in her public utterances. Defeat, if it comes, must be seen as the consequence of the betrayal of her vision. No doubt she really does loathe the idea of a Labour govern-ment. But it would be a vindication. The important point is that she is seen to be free of all blame for defeat. No more

plandits for Mr Blair. All this, of course, is fine by the Labour leader. While his opponents look beyond the election he can concentrate on winning it. But this is not yet a game entirely free of risks. gan, the stakeholder economy,

at least offers the government a target at which to aim. For "stakeholder" read "vested interest" - trade union, local authority or favoured indus-try. New Labour is peddling reheated, sixtles-style, corporatism. Such is the word in Conservative Central Office. The Conservatives have an advantage on this territory. It

is much easier to tell the voters that you are for low taxes, small government and the primacy of the individual than it is to explain the economic theory of stakeholding. Mr Blair would be well advised to add clarity to his

soundbite. Is he talking about the empowerment of individuals trapped outside the economy by poor education, unemployment or the benefit traps of the welfare state? If that is the case, even the late Lord Joseph, in whose memory Lady Thatcher spoke last night, could not complain. Or does the slogan imply a fundamental rebalancing of the relative power within the economy of shareholders.

managers and employees? Then again, is talk of stakeholders a convenient shorthand for German-style corporatism? Or finally, has Mr Blair simply alighted on a nice, warmly capitalist, phrase to encapsulate his rhetoric about the importance in society of matching indi-vidual responsibilities with For every shot

aimed at its policies Labour can rely on the left and right of the Conservative party to loose

off 10 more at each other individual opportunities? In fact, I am reliably told that the Labour leader has in mind the last (with perhaps a bit of the first) of these options. I am also assured that it was never his intention to extend the stakeholder theory of corporate governance to management of the economy as a whole. But not-so-new Labourites (and there are still some around) are already

offering the more interven-

tionist, statist, gloss to their

leader's words. We shall see in coming months whether the potential ambiguities destroy the slo-gan. But Mr Blair is right in calculating that it is no use offering the voters a raft of detailed policies unless they are moulded around a central, unifying, theme. And, in a society haunted by the insecurities of global competition and technological change. active government appears a less threatening beast.

Labour also has time. For every shot aimed at its policies it can rely on the left and right of the Tory party to loose off 10 more at each other. Backbench MPs talk about little other than the bloody aftermath of defeat. Civil wars in politics always carry a special hitterness, but this one matches anything seen since the Conservative split over tariff reform at the start of the century. "It can't go on like this." one cabinet minister lamented over lunch this week. But no, he did not have in his jacket pocket the miraculous elixir which would bring the warring factions to their senses.

So next month Mr Blair will lay out the second half of his philosophical prospectus, his promise to match a different economics with a new politics. As yet this constitutional agenda is both the most substantial and the flimsiest ele-

ment in his programme. It is substantial because if a Blair government actually delivered devolution in Scotously to rebuild local democ-

House of Lords, it would transform the way the nation is governed. Flimsy, because Mr Blair has yet to think through the new distribution of power in this promised land of political pluralism.

The logic of such political decentralisation points unerringly towards the introduction of a proportional voting system at Westminster. A more representative House of Com mons would provide the framework for a sensible division of responsibilities between Westminster and the proposed Scottish parliament. It would allow a Labour-led government to mobilise the cross-party majority of MPs in favour of active British But Mr Blair will have none

of it. He pronounces himself at best sceptical of any change in the present first-past-the post system at Westminster In his mind the case for change was discredited by its advocates during the 1980s. Then, a new voting system was too often backed as the soft option, a way to get Margaret Thatcher out of power without addressing the fundamental reasons why Labour was unelectable

Fair enough, but the world has changed. The Conserva tive coalition is fracturing and New Labour is moving back to the political centre. But Mr Blair should recognise that his party will not be immune to the tensions which now threaten to break the Conservatives. Both parties are uneasy coalitions in which the glue of tribalism is ever

If the Tory party splits in opposition, the strains within bour will show them in government. Mr Blair is remaking his party in his own image, just as Lady Thatcher refashioned the Conservatives. Perhaps I am in fanciful mood, but maybe the two of them might yet leave an unintended legacy - the perma-nent demise of two-party poli-

LETTERS TO THE EDITOR.

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Waigel raises prospect that Emu is reversible

From Mr Edmund Dell. Sir, You report a statement by Mr Theo Waigel, the German finance minister ("Waigel issues strict line on Emu discipline", December 80), that in certain circumstances countries might be ousted from Emu. Your report does not indicate where, in Mr Waigel's view, the power of expulsion should lie, whether with the European Central Bank, the European Council, the German government or, perhaps, the Bundesbank. As Mr Waigel is concerned to find ways of reconciling the German people to the loss of the D-Mark, the only totally satisfactory repository of this power would, presumably, be the Bundesbank. There could be some embarrassment if the German government, having failed to meet the Maastricht criteria as in 1995, had to expel itself. On the other hand, the Bundesbank might jump at the chance, thereby restoring its

which only Germany, and perhaps France, would enjoy secure membership, whatever their behaviour?

However one looks at it. Mr Waigel's new contribution to the establishment of Emu is of exceptional importance. Political leaders continue to speak of Emu as irreversible. It would not be irreversible. No arrangement between nation states can be irreversible. After Mr Walgel, no one can say that Emu is irreversible. On the other hand, the German chancellor, Mr Helmut Kohl, seeks to make it irreversible by creating a federal Europe. Even that would not necessarily work (see the current traumas in Canada) but clearly Mr Kohl and Mr Waigel should have a word with each other. Mr Kobl wants to tie the bonds tight. Mr Waigel wants to cut them at discretion.

There are at least two circumstances in which particination by a nation state in Emu might be reversed. The Waigel, is if a state were

expelled due to what its partners considered misbehaviour damaging to the other members of the union. The second is if, contrary to expectation, membership of Emu proved seriously damaging to the welfare of a nation's people. Enthusiasts for Emu emphasise the advantages. Sceptics underline the disadvantages. The truth is that no one knows. Presumably no state would enter Emu without a firm conviction of advantages far

outweighing the disadvantages. But so poor is our understanding of economic processes, and so unreliable are economic judgments, that it might find that its expectation had been falsified in practice.
The fact that Kmu is not

irreversible has political implications. No state should enter into monetary union unless it is satisfied that its exit from it, whether as a result of expulsion or voluntary withdrawal, has not been made unacceptably costly. If Germany can be at

fault on the Maastricht criteria, surely the offence must be venial. But how can any member state be sure that it would be forgiven? It is in the area of political union that the danger exists. Indeed a law can be stated that if Mr Kohl makes his ideas on political union a condition of Emu, then participation in it should be rejected. Emu could only be acceptable if it does not imply

political union.

There is no need to concede Mr Kohl's demands because, as Mr Waigel has also revealed ("Germany failed Maastricht test", January 10), Germany needs Emu in order to assist its exports and reduce its unemployment. In other words Mr Waigel wants the Euro to be weaker than the D-Mark.

Mr Waigel has raised the banner of a reversible Emu. All his fellow finance ministers. including Britain's chancellor, Mr Kenneth Clarke, should

4 Reynolds Close. London, NW11 7EA, UK

Federalists' position

own independent authority

sick. Or is Emu a club in

and reviving the D-Mark. The

Euro might then look rather

From Mr Alon Grainge. Sir, Ian Davidson "Mitterrand's legacy", January 10) is no doubt justified in arguing that France must favour an integrated Europe "with laws and institutions, in which France and Germany share the

But he states that "for the same reasons" an integrated Europe (presumably with the same shared leadership) is in the UK's interests. No wonder he describes this as a paradox. But at least it seems to be an honest summary of the British Euro-federalists' position.

Alan Grainge Compact Intelligence, Stansfeld Chambers, 6 Great George Street Leeds LSI 3DW, UK

Car emission standards should be pursued

From Mr Christof R.A. Swaak. Sir, I refer to Mr Jacques Calvet's Personal View "A case for quality control" (January I would like to point out that the simple fact that the cost of meeting standards on car emission may constitute a burden on the commetitiveness of EU car manufacturers does not in itself constitute a reason to stop the use of (possibly stricter) standards to improve

air quality. Pursuant to the EC treaty. the Commission's activities include not only strengthening the competitiveness of EU industry but also an environment policy which contributes to the aim of preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural

resources, and promoting measures at international level to deal with regional or worldwide environmental problems.

The treaty explicitly prescribes that policy on the environment shall aim at a high level of protection taking into account the diversity of situations in the various EU regions. Such policy has to be based on the precautionary principle and, inter alia, on the principle that environmental damage should as a priority be rectified at source. **Environmental protection** requirements must be integrated into the definition and implementation of other

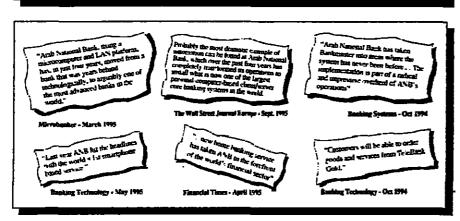
EU policies. Mr Calvet is right that Commission policy on improvement of air quality in the EII should involve the likes of oil companies, tyre manufacturers and road builders, as well as carmakers, and should take account of local standards. But this does not necessarily exclude use of

standards for car emissions. Admittedly, the latter are not the *only* answer to pollution problems but they can be used to curb air pollution and stimulate research and improvements in automotive technology which may contribute both to the (further) improvement of air quality in the EU and the competitiveness of EU car

Christof R.A. Swaak, 'Hugo de Groot' Legal Study Centre, Higo de Grootstraat 27, Postbus 9520, 2300 RA Leiden, The Netherlands

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Europa · Paul de Grauwe

Why the link should be cut

Emu should not be solving Europe's budgetary problems



European monetary union is a good idea. So is reducing gov-ernment budget deficits by reforming national social security

systems. But the effective linking of the two through the convergence criteria of the Maas-tricht treaty is a very bad idea. The likely result of this linkage is that at least one of the good ideas will fall by the wayside. The problem is that Maastricht has made the start of monetary union conditional on solving Europe's budgetary problems. Governments are required to cut their hudget deficits and accumulated debts to predetermined levels before

they can participate. But, in most cases, these levels of debt can be achieved only by a drastic reform of countries' social

will be unpopular too.

These architects should not

countries. There is no good reason for the two ideas to have been linked in the first place. They are designed to deal with separate problems and should be

made politically independent - ernment. and incentives were given to its directors to pursue price stability as their principal objective - monetary union along these lines would almost

certainly produce low inflation. (If further reassurance were thought necessary, directors' terms of employment could call for them to be fired if they did not achieve price stability.) Past experience of monetary unions between independent countries shows this analysis to be correct. Belgium and Luxembourg formed a mone-

tary union more than 50 years ago, but this has not stopped successive Belgian governments from allowing a spectacular build-up in the country's debt. Price stability has, nevertheless, been achieved in both countries. Indeed, Luxembourg - which has not experienced large budget deficits or increas-

BUDGETARY

ing government debt - does not seem to have suffered in

security systems. Pushing through the sort of reform that is extensive enough to be effective will inevitably be a protracted pro-cess and will prompt strong resistance from beneficiaries of the present systems. It is bound to be both difficult and unpopular. By linking Rmu to this process through the con-vergence criteria enshrined in Maastricht, the architects of integration have all but guaranteed that monetary union

be surprised if people turn against monetary union after being told by their national governments that social security reform is needed in order to enter Emu. This is exactly what has happened in France. It will also happen in other EU

kept separate.
It would be quite possible to

achieve Emu without budgetary convergence requirements and without social security reform. Monetary union requires only that countries abandon their national currencies and agree to introduce a common currency managed

by a common central bank. any way from the reckless will be killed, but also that the lif this central bank were behaviour of the Belgian gov-

It is often argued that, ev if there is no strong economic reason to link budgetary stringency to monetary unification, there are strong political reasons for doing so. Proponents of this line of reasoning argue that the link allows governments to invoke superior force, in the form of the European integration process, as a means of persuading their respective electorates to accept painful

Until recently, this strategy seemed to be working relatively well. But the recent social unheaval in France has highlighted its limitations. The strategy backfired there because, as discussed earlier. public hostility to budget cut-ting was deflected towards the process of monetary unification. As this hostility gathers momentum and spreads to other countries, there is a strong risk not only that Enro

None of the above should be interpreted as suggesting that root-and-branch reform of European budgetary processes and social security systems is not badly needed. But they are matters that need to be resolved separately from the process of monetary unification. The present obsession with solving both problems simultaneously will almost cer-

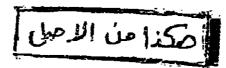
tainly destroy Emu. In fact, de-linking the two processes might make it easier to implement social security reforms. If the two processes were uncoupled monetary union could be organised relatively quickly. Once that was in place, governments could concentrate more of their ener-gies on social security reform, free of concerns about how their national currency's exchange rate was affecting trade, interest rates and macro-

economic stability. If this is correct, why was the start of Emu made conditional on solving Europe's bud-getary problems? It was because of Germany's fear of inflation and the reluctance of the Bundesbank to sacrifice its dominant influence over the monetary policy of other EU countries

By making the start of mone tary union conditional on budgetary convergence (and other convergence criteria), artificial barriers were erected. This serves German interests well. It means that monetary union is likely initially to cover a comparatively small group of countries and that German influence in the monetary affairs of its EU partners will not be too heavily diluted. Moreover, it means that if monetary union does not materialise, Germany can blame its EU partners for failing to show sufficient determination to surmount the obstacles.

Indeed, those with Machia-vellian leanings might wonder-whether the link between monetary union and budgetary reform was implanted in the Maastricht treaty by enemies of monetary union. After all, there can be no surer way of killing Emu than by associating it with such unpopular

The author is professor of economics at the University of Leuven and MP for the Liberal party in the Belgian parliament



COMMENT & ANALYSIS

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday January 12 1996

Slow growth trap for Emu

Is it the intention of the European end up at 4 per cent in 1997, not 3 authorities to convince their electorates that Emu stands not for European monetary union, but for European masochists' union? If so, they are going the right way about it. If not, they must urgently rethink how they intend to apply the Maastricht treaty's fiscal pol-

It now appears that German gross domestic product did not grow in the fourth quarter of last year and that growth in the year as a whole was only 1.9 per cent. Many economists believe that output will subsequently turn out to have fallen in the fourth quarter, some also expect it to fall in the first quarter of 1996.

Slow growth and rising unemployment are bad enough in them-selves. But the result has also been a general government deficit of 3.6 per cent of GDP in 1995, which is well above the 3 per cent target of the Maastricht treaty. Mr Theo Waigel, the German finance minister, has stridently insisted on precise fulfilment of the deficit criteria. Yet last year even Germany failed. If its European partners were inclined to feel Schaden*freude* (that wonderful German word for pleasure in another's pain), now would seem the ideal

They should forbear, since most of that pain will be their own: a German slowdown is bound to mean a slowdown for the European economy as a whole. Mr Didier Maillard, chief economist of Paribas, argued in the FT last week that the French economy would grow by as little as 11/4-11/2 per cent this year. If such a performance were to be followed by, say, growth of only 11/2 per cent in the

Obsessed with hitting cyclically unadjusted fiscal targets in an arbitrarily chosen year, Germany, France and other European aspirants for Emu could even feel obliged to introduce further dis-cretionary tightening of fiscal policy during 1996, in order to hit the target in 1997. Growth would slow still further, making necessary yet further tightening. The European economies would then chase one another down a victous spiral of

How can they escape from what seems to be the economics of bedlam? The simplest answer would be aggressive easing by the mone-tary authorities, led by the Bundhank. This should lead to lower interest rates throughout Europe In practice, however, this is not how the Bundesbank is likely to behave, particularly since it brought the discount rate down to 3 per cent only last month. Alternatively, the decision could now be taken that the fiscal judgment will be made in light of the cyclical position, something that the treaty would appear to permit, provided deficits were not that far from 3 per cent.

The danger is that painful, possibly even vain, pursuit of fiscal targets that are neither necessary nor sufficient for a successful Emu will turn the gap between the builders of the new Europe and the natural desires of electorates into a yawning chasm. The concerns of the voters - even promises made to them - have not always been at the forefront of the politicians' minds. But the patience of the people must have a breaking point. European leaders should take great care to ensure

Exit a mutual

When Berle and Means, in their famous analysis 50 years ago, identified a divorce between ownership and control, they were concerned with the modern corporation. Today, their diagnosis would serve rather better as a description of Britain's building society movement. The societies' fragmented ownership means that the members exert no worthwhile influence over management. In contrast, ownership of quoted companies is more concentrated in institutional hands, so increasing potential accountability. Flotation, a course soon to be adopted by the Woolwich Building Society, might thus seem an attractive way of connecting the societies to a stron-

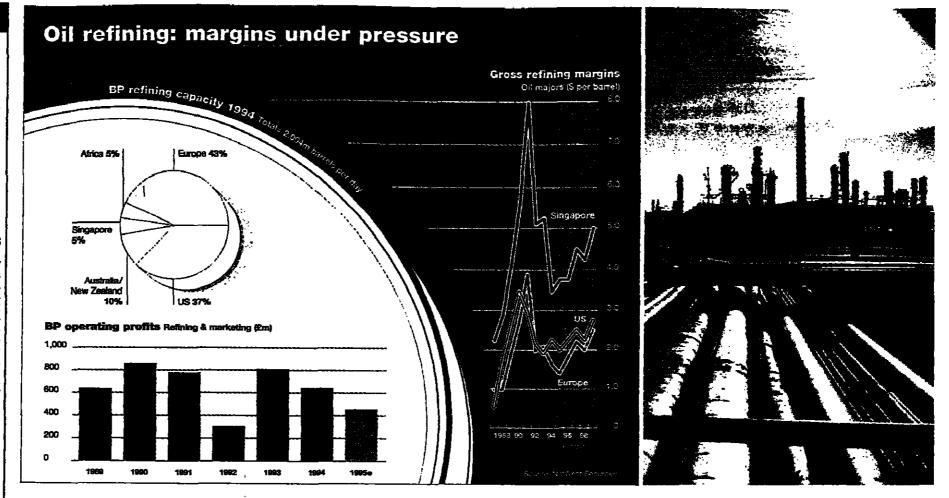
ger ownership discipline. The paradox is that the societies have been more consistently profitable and tighter on costs than quoted commercial banks. Among other things, that reflects a discipline peculiar to mutuality. Unlike the clearing banks, the societies have not been able to raise capital which has then burned a hole in their pockets. Nor, on the whole, have the directors abused their position by paying themselves out-

rageous remuneration. It follows that the case for flotation is not cut and dried. But it is valid for some, partly because mutuality can no longer deliver in important areas. With home own-ership at around 68 per cent of than in today's building societies.

households, the societies' mission is largely complete. And the fast changing structure of retail financial services will make access to capital more important in future. Moreover, the potential conflict inherent in the managers' position is becoming more serious. Many societies have been giving priority to the interests of new customers, rather than to longstanding mem bers. Directors are tempted by

larger remuneration packages. A mere quotation may not make much difference on the pay score. The lesson of last year's row at British Gas, and even more so at companies like WPP, was that most institutional shareholders would rather not crack the whip over boardroom pay. But elsewhere they do exert pressure, backed by the takeover sanction. Yet the British are arguably

over-obsessed with equity forms of ownership. The new capital structure of the water industry, to take one obvious example, is wholly inappropriate to a natural monopoly: preference capital used to be the norm among private water companies for very good reasons. Nor is mutuality a dying form of ownership. It still makes sense for smaller societies operating in niche markets. And it may yet find future uses in areas where the interests of owners and con-



A very refined dilemma

Yesterday's move by BP to close or sell some of its oil plants reflects the severe overcapacity in the industry, says David Lascelles

t was always going to be a question of who blinked first. The chronic overcapacity of the refining industry, par-ticularly in Europe, has depressed oil company profits for years. It was widely expected that one of the oil "majors" – probably British Petroleum, Shell or Exxon – would have to take drastic action.

Yesterday, BP announced plans to shut down or sell three refineries in the US and Europe, cutting its refinery capacity by nearly a third but also reducing losses by up to \$200m

a year.
The overcapacity that triggered BP's action has several causes. Mr John Browne, BP's chief executive, listed three of them yesterday: The technology is widely available, so entry barriers are low, Shortages created by the Gulf war in 1991 triggered a rush to build new refineries, particularly in the

 Improvements in technology allow existing operators to squeeze more and more out of their plants. By Mr Browne's estimate, global capacity grows by the equivalent of four average-sized refineries a year for this reason alone.

He might have added a fourth cause - that many refineries belong to state-owned oil companies which are reluctant to shut down plant for political reasons. As more of these companies are privatised, however, this is becoming less important. At the same time, oil companies

have had to come to terms with other sources of pressure on their margins, including falling transport costs. These have improved the fluidity of the world refined products market and ensured that regional shortages are quickly supplied.

As a result, margins in the refining business have been falling for several years. They were particularly depressed last year because a large overhang of unsold product coincided with the start-up of the new Far East capacity. The 1995 margin in Europe of \$1.40 a barrel

was down a third on 1994. But eye-catching though BP's move was yesterday, it is only part of a broad process of rationalisation which these pressures have created. The early 1990s saw a big shake-out in the US oil industry, with many of the leading companies cutting their refining operations. Last year Mobil, the second-largest US company, shut its German refinery

neries in the UK and France. It had previously sold or shut several smaller European refineries. Now that BP has applied the knife too, could this mean the beginning of better times for what remains of the industry? Analysts doubt it, even though most market forecasts point to a slight improve-

at Worth, and rationalised two refi-

ment in refining margins over the rest of the decade, as the wave of new capacity is absorbe One reason is that BP's action

will not necessarily result in a large loss of overall capacity. The company's intention is to sell two of the three plants rather than shut them down, and to close the third, in the Netherlands, transferring some of its business to a neighbouring refi-

According to Mobil, the market needs to lose between 800,000 and 900,000 barrels a day of capacity to return to equilibrium. BP's cuts would remove at most 400,000 b/d.

Mr Jeremy Hudson, an oil analyst at Salomon Brothers, calculates that returns from oil refining are so low - or in many cases negative that large companies will be unable to cover their cost of capital under foreseeable market conditions. He predicts BP's move could actually force other companies to follow suit. "This sends a loud signal that refining is a big enough problem to warrant the pain," he says. "Other companies face the same dilemma as BP, and this should make it easier for them to take the same However, the indications are that

other large companies have no plans to shut down refineries. Shell

said yesterday it had recently completed a review of its European refining operations. This concluded that, although returns were unsatisfactory, the refineries themselves were competitively well-placed and did not require heavy investment. "We do not consider them to be prime exit candidates," it said.

BP's announcement, in other words, may not provide the big shock people have been waiting for. But it highlights important changes

in the industry's evolution.

As a result of the cutbacks, BP will sell more oil products than it refines. In this regard, it will match most of the other large oil compa-

nies that have dropped the traditional aim of being "fully inte-grated". Although this change means they have to buy part of their product needs from other refiners, it gives them leeway to exploit price fluctuations in the

Another change is that refining is increasingly a matter of having the right type of capacity rather than the right amount. As Mr Rolf Stomberg, the head of BP's downstream arm, pointed out yesterday, refining can be highly profitable for modern operations in the right location. The best refineries, he said, can earn three times the industry average.

The emphasis, therefore, is on meeting changing market needs, for example for environmentally friendly fuel, and producing it at the cheapest possible price rather tities on all five continents.

worldwide downstream activities,

An exercise in self-help

ritish Petroleum's reshuffle of its refinery assets reflects a belief among senior managers that the company can no longer rely on peaks in the commodity cycle to

underpin its earnings.
"We don't want to be simply a play on the cycle," said Mr John Browne, BP's chief executive yesterday. "We want to manage our way throughout the whole cycle."
That message of self-help is one that is heard constantly in the corridors of the company's Britannic House headquarters in the City of London. It was used by Sir David Simon, the chairman and former chief executive, in guiding the company out of its debt crisis in 1992. And it has been embraced by Mr Browne as he struggles to bring greater efficiencies to BP's refineries, the one clear laggard among the company's businesses.

But can Mr Browne, who turned around the fortunes of the company's unstream extraction assets in his former role as head of BP Exploration, achieve similar results with the downstream refining and

distribution operations?
Mr Fergus Macleod, energy analyst at NatWest Markets in Edinburgh, describes the decision to close or sell three refineries as a "bold move". It was, he said, in keeping with BP's new attitude: "Don't sit around waiting for help from the market. Sort it out your-

But he doubted whether it would have a marked impact on the company's overall fortunes. He estimated that the gain in earnings as a result of eliminating the losses at the three units could be less than \$100m a year.

If the group cannot find buyers for the two sites up for sale - at Lima, Ohio, and Lavera in France – Mr Browne said he was prepared to close them. Analysts believe the expand its refining presence in \$1.075bn charge against earnings covered such a contingency.

active in the international refining industry. It has no plans to dismantle the integrated structure that links crude oil production with the sale of petrol and other refined petroleum products to consumers. Yesterday's move will mean BP will refine substantially less oil each day than it sells. Mr Browne said the 400,000 barrel a day deficit would be made up by purchases from the "deep and liquid" interna-

tional markets for wholesale petrol, diesel and other fuels. The restructuring does not preclude a future expansion of BP's refining operations elsewhere. Mr

Rolf Stomberg, head of the group's

expand its refining presence in south-east Asia, the world's strongest growing oil market. BP executives yesterday stressed But analysts said yesterday's that the company would remain actions indicated that the low mar-

gins and high capital requirements of refining clashed with BP's strategic aim of providing "unusual returns to investors". As Mr Stomberg noted, even efficient refineries are a "magnet for investment". On the other hand, the group is unlikely to make further refinery closures on this scale.

"No player of any significant size could allow itself to be at the mercy of wholesale markets," says one BP executive. "Too large an exposure and you begin to feel uncomfortable."

Robert Corzine

Rifkind in China

Two features stand out from Mr Malcolm Rifkind's visit to Hong Kong and Beijing this week. The Both will want to portray the first is China's relatively muted response to the furore over its treatment of orphans, which indicates an earnest desire to maintain a good relationship with the UK ahead of 1997. The second is that the good atmosphere was maintained despite some robust remarks by Mr Rifkind on a range of sensitive issues to do with the handover of Hong Kong.

This new combination of Chinese goodwill and British refusal to be cowed on matters like the need to preserve Hong Kong's autonomy after 1997 is to be welcomed. It is in some contrast to last spring's agreement on the Court of Final Appeal, which involved substantial UK concessions. The risk to confidence from that deal was that China appeared to be pushing Britain around. If Hong Kong residents can now be persuaded that Britain is willing to stand up for them and China is at least ready to listen, there is a much better chance of maintaining confidence in the territory's future as 1997 draws near.

All the same, the next 18 months will not be easy. Despite the improved atmosphere, China has made it abundantly clear that it will not go back on its decision to abolish Hong Kong's Legislative Council. Both sides thus face an

Both will want to portray the handover as a success, but that will be a daunting task if there is widespread protest at China's plans to abolish such a core institution as LegCo.

What is needed to offset this are more substantive agreements on practical issues designed to make the handover work. From this perspective, the Rifkind trip was less satisfactory than it looks.

The agreement on the container port was a breakthrough of sorts, but it has not been presented as such by China. It also depends on agreements between the companies concerned. Whether the agreements on passports and right of abode represent much advance on existing positions is equally

China must deliver more substance if confidence is to be maintained. It must also seek to avoid unnecessary squabbles which sour the atmosphere, like its personal vendetta against Governor Chris Patten. The handover will not go smoothly if the Queen's plenipotentiary representative in Hong Kong is continually and conspicuously cold-shouldered. Quite apart from anything else, such an attitude seems calculated to cast the abolition of LegCo, elected following his reforms, in the worst possiRifkind's new slip-ups to embarrass Rifkind. Fortunately, they kept a dignified

Malcolm Rifkind Britain's

foreign secretary, seems to be rather pleased with his visit to Beijing this week. He has been impressed by the generosity of his

clothes

He has also managed to get the impression that some pretty unexceptional comments by Qian Qichen, his Chinese counterpart, on the right of abode in Hong Kong and other issues, constitute some sort of political breakthrough.

Even the news that China had lifted its veto on Jardine Matheson participating in the development of Hong Kong's container port was poorly presented, sowing more confusion than enlightenment. How come Rifkind's officials. allowed him to be so easily

hoodwinked? He was accompanied by Str Len Appleyard, ambassador in Beijing and a sinologist, William Ehrman, his private secretary and a self-professed expert on Hong Kong and mainland affairs, and Hugh Davies, head of the Sino British joint haison group overseeing the

At least one of them ought to have been brave enough to tell the minister that Qian, on the issue of right of abode, was simply repeating the formula as written in old agreements. Still, the Chinese officials could have used such

Card carrier

■ One man who really will miss. François Mitterrand is 80-year-old Camille Marchand who lives in the tiny village of Gouloux in central France. Whenever the late French president went overseas, he sent Marchand a post card. He had

· O B S E R V E R ·

more than 120 at the last count They first met in 1946 when Mitterrand was a local councillor. Most politicians are different. They come by once, and you never see them again," says Marchand. However, the two struck up a friendship and until just days

before he left office, Mitterrand

sent his pen pal a postcard virtually every time he left France. The last one was from Berlin in May 1995, when Mitterrand visited the city with other world leaders to commemorate the 50th anniversary of the end of the second world war in Europe. One can only speculate about the contents but it probably went as follows: "Having a great time. Weather fine. Food great. Company atrocious..."

Heady mixture

■ At a bash at the Savoy hotel in London on Wednesday to mark his retirement as chairman of the UK's school of style. His later Securities and Futures Authority.

reminiscing about the high points of international regulatory co-operation on his watch including the occasion when he was selling the strengths of the UK system to one of his Chinese opposite numbers. Sharples was expounding the benefits of senctions such as banning, fining and publicity in cases of market manipulation or breaches of best execution "Ah I agree", his interlocutor observed

Wave theory

enthusiastically. "For serious

breaches, execution is best".

■ The sea was calm earlier this week; with no surf worthy of the name. But neither Shawn Stussy nor his partner, Frank Sinatra Jr (no relation), were taking calls at the \$35m-a-year design and retailing company where Stussy is bowing out.

The 41-year-old southern Californian, whose love of surfing often appeared to get in the way of his business ambitions, has terminated his fashion odyssey designing expensive. slouchy-grongey clothes.

Since entering surfic culture on Orange County's Laguna Beach with his hand-made, autographed surficerds. Stussy had kept his balance for a full decade on the crest of the sun, see and city association with hip-hop music lent him street cred, and he somehow succeeded in preserving sufficient exclusiveness to charge pop stars top whack for sundry clobber.

There is not supposed to have been a bust up - rather, in time-honoured terminology, Stussy simply wants to spend more time with his family, close to the warm waters of Hawaii. He stays on in a consulting role as Sinatra takes the helm, and keeps his two boutiques in LA and New York for his own

Perhaps Stussy has simply recognised that every wave hits the beach at some point, and that the coolest rider is he who dismounts in deeper water. Should the kids ask.

Strung out

■ Diverting attention for once from the glory of its technological achievements, France is currently struck on the merits of looping together bits of rope.

According to yesterday's Libération newspaper, post offices, cinemas and railway stations are coming to grips with that brilliant invention, the queue, together with its sophisticated variant, the single line in front of multiple service-counters.

Why these institutions think a bit of string will compensate for the apparent absence of the queue-forming gene in the French make-up remains as much of a mystery as ever.

Financial Times

50 years ago US fight to avoid inflation

New York: Administration officials seeking to light inflation by a tight rein on prices and wages are faced with a difficult task. It is feared that the cost of living will rise sharply as the result of recent developments. The White House scheme to

induce a rise in steel wages by pushing up prices by perhaps \$4 a ton is regarded as highly inflationary. Food prices are rising and Agriculture Secretary Anderson is being called an inflationist by some key officials. Fact-finders for the dispute between General Motors and

workers' organisations have come out with a recommendation that wages be raised by 17% per cent. This pattern applied to

industry generally would certainly necessitate many price adjustments. Officially, of course, White House officials are going to insist that the consumer is kept safe and the cost of living will be kept stabilised.

Washington experts believe that the steel case will be the most important as a precedent. Many other industries are in a similar position, where wage increases, if granted, must be followed by price increases. The coal industry is an obvious

FINANCIAL TIMES

Friday January 12 1996



Dini confirms government's resignation after split on policy

20

Mr Lamberto Dini, the Italian prime minister, last night opened a new phase of political uncertainty by confirming the resigna-tion of his technocratic government after rival political groupings failed to agree on the way forward for the administra-

Mr Dini's decision headed off a parliamentary vote, backed by deputies of the centre-right and extreme left, which would almost certainly have forced his resignation and reduced his chances of being appointed to lead a new

Mr Dini submitted his resigna-

Baroness Thatcher last night

reignited the bloody civil war

within the ruling UK Conserva-

tive party by snubbing the call

for unity made by Mr John

Major, her successor as prime

She said that "splits and dis-

agreements over important issues never did a party so much

harm as the absence of honest,

principled debate" and that sti-fled debate led to "directionless

In a speech in London in mem

ory of the late Lord Joseph, her

former ministerial colleague and

fellow architect of the Thatch-

erite revolution, she said it was

"no secret that between John

Major and me there have been

differences ... on occasion". Call-

By Robert Peston, Political Editor

failure".

but Mr Oscar Luigi Scalfaro, the president, refused to accept it and asked parliament to make up

its mind on the next step.

Mr Scalfaro could now decide that a new government should be formed, he could call an early election or, much more unlikely, he could again reject the resigna-

Until now, he and Mr Dini have opposed early elections on the grounds that they would disrupt Italy's six-month presidency of the European Union, which began this month

Closing two days of debate over the luture of his government, Mr Dini told parliament last night that although some elements of consensus had emerged - partic-

Conservative party disunity

public expenditure, she added that the government was

unpopular because it had "gone

too far towards increasing gov-

ernment spending, borrowing

She also provided ammunition

to the Tories' Eurosceptic right

wing by reiterating her demand that the government should rule

out sterling's participation in a

single European currency.
Ministers were last night

shocked by the scale of her criti-

cism of the current administra-tion. With the government's

majority expected to fall to one

after two imminent by-elections.

party managers are desperate to

keep open dissent to a minimum

the backbench leader of the Euro-

sceptic right who was praised by

Lady Thatcher for his opposition

to a single currency, said he was

ing for "really radical" cuts in sure she was not motivated by

However. Mr John Redwood,

Thatcher speech reignites

tional reform - the parties were obviously split on how to reach

that goal. He said it was his "strict duty" to confirm his resignation to Mr Scalfaro, who was last night on his way back from Paris where he attended the memorial service for Mr François Mitterrand, the former French president.

Mr Scalfaro will this time almost certainly have to accept his resignation. The Italian lire weakened

immediately after Mr Dini's speech to L1,094 against the D-Mark, compared with the official quotation of L1.092.73 earlier in the day, and to L1.576 to the

to discuss domestic political

issues, given her agreement to

give the speech honouring the late Lord Joseph.

Lady Thatcher said her aim had

been to be supportive of Mr

Major and attack the opposition Labour party. However right

wing Tory MPs contrasted her

vision of a low spending. Euro-sceptic government with what

However, she rejected the view

of some Eurosceptics that "the

only hope for the Conservativé

party is a period in opposition",

during which left wing MPs

She made no attempt to dis-

guise her belief that the prime

minister must come off the fence

on a single currency and oppose

now remitting profits home.

Malaysian interest rates have

risen over the past 18 months

with three-month interbank

money standing around 61: per

cent compared with a trough of

414 per cent in mid-1994

get from Major".

would be purged.

Close friends and advisers of

Speaking after Mr Dini

announced his decision. Mr Massimo D'Alema, the secretary of the former communist PDS, said the choice was between reform and elections, "We now have a government crisis, there is no solution ready [on constitutional reform], there's no agreement, and there's a probability of elec-

The PDS and its allies on the centre-left would prefer to see Mr Dini stay on during the EU presidency. But the parties of the cen-tre-right had submitted a resolution to parliament before the prime minister's speech seeking his resignation. The resolution was backed by the Marxist party.

Hashimoto elected as

against a newly aggressive oppo-

Mr Seiroku Kajiyama, an LDP veteran who refused the offer of finance minister, becomes chief cabinet secretary, which brings with it the tasks of government spokesman and co-ordinator with the bureaucracy and opposition. A skilled strategist, he will take the lead in fending off attacks

The foreign ministry goes to Mr Yukihiko Ikeda, a former agency, Japan's equivalent of a defender of relations with the US and shares Mr Hashimoto's pref-

LDP leadership election.

them. Fidelity denied the claims, but told portfolio managers last month they should not talk to journalists about specific stocks. dropped from 95.7 per cent to 81.7 rose from 1.5 per cent to 11.6 per cent and cash from 2.8 to 6.7.

end of November was a position in the S&P 500 December futures contract, a proxy for the equity market. The next three larges holdings were of US Treasury bonds and notes. This could mean Mr Vinik was finding a short-term home for proceeds of technology sales until he could

Japan PM

Continued from Page 1

experience, to bolster his forces

from the opposition leader.

director-general of the defence defence minister. He is seen as a

erence for a stronger military.

The new minister of international trade and industry by - Mr Hashimoto's post in the last government – is Mr Shumpei Tsukahara, a former labour minister and a leading campaigner for Mr Hashimoto in last September's

Fidelity sale

Continued from Page 1

about stocks as they were selling During November, the Magel-lan fund's weighting in equities per cent, while holdings of bonds

Its largest single holding at the

Malaysian PM calls for export drive to overcome trade deficit poorly performing services

By Peter Montagnon, Asia Editor, in London

Malaysia must launch a fresh export drive to overcome a fastgrowing balance of payments deficit, prime minister Mahathir

He said the deficit could be

overcome without cancelling

prestige infrastructure projects or tightening monetary policy. which would slow the country's rapid rate of economic growth. Dr Mahathir was speaking at a conference in Kuala Lumpur called to discuss the current account deficit, which jumped sharply last year to M\$18bn

(\$7.1bn) - around 9 per cent of gross domestic product - from M\$10.9bn in 1994. The deficit has been a worry in

Europe today

say it cannot be brought down without further efforts to lower growth, control credit and curb consumer consumption. However, Dr Mahathir was adamant that Malaysia's economy was not overheating. "Fiddling with interest rates and exchange rates are

Low growth could make developing countries dependent on aid and prey to social instability. Instead Malaysia would encourage companies to tan foreign markets in an export drive aimed at maximising the benefit from

economies of scale, he said. overall deficit.

financial markets. Economists

because of an active low pressure area near Scotland, Heavy showers with a risk of thunder are expected in the UK and wester

southerly winds. South-eastern France will

only some cloud near Crete. The northern Balkans and north-eastern Europe will be mainly dry with persistent cloud and moderate

and rain in the north and sunny spells in the south. Southern slopes of the Alps and northern Italy will have rain, with snow expected above 2,000 metres. The northern slopes will be dry and mild. Greece and the

Western Europe will be windy and mild

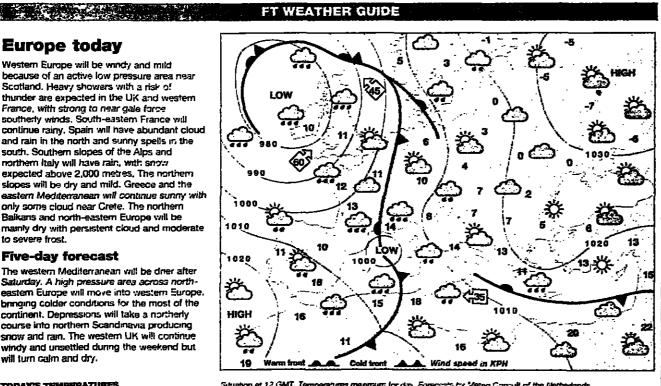
France, with strong to near gale force

account should also be improved with efforts to boost tourism and reduce the outlay on education. Foreign universities were to be encouraged to set up colleges inside Malaysia along a pattern already established by Thailand. Economists said further mone tary tightening looked inevitable.

not the solution," he said. Reserves have slipped to some four months of imports from around eight months a year ago. The payments deficit may also become harder to finance if foreign investment slows, especially since many early investors are

Dr Mahathir said Malaysia's M\$19.5bn deficit with Japan caused partly by the import of components priced in expensive yen - was the main cause of the

He added that Malaysia's



Five-day forecast

to severe frost.

Saturday. A high pressure area across northeastern Europe will move into western Europe bringing colder conditions for the most of the continent. Depressions will take a northerly course into northern Scandingvia producing snow and ram. The western UK will continue windy and unsettled during the weekend but will turn calm and dry.

The western Mediterranean will be direr after

Abu Dnabi Accra Algiers Amaterdan Athens Atlanta B Ares B Jam Bangkok Barcelona 9 12 23 33 11 32 13

We can't change the weather. But we can always take you where you want to go. Lufthansa

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THE LEX COLUMN

Refining strategy

British Petroleum's management has cultivated a reputation for grasping nettles. Yesterday's announcement of plans to close or sell three uneconomic refineries was no exception. The industry suffers from excess capacity, much of it foolishly added during the Gulf war when refining margins shot

With margins now wafer-thin, especially in Europe, inefficient refineries are losing money. BP's three refineries are not generating sufficient cash to pay for maintenance capital expendi-ture. Though the immediate \$1.1bn balance sheet hit is painful, the impact on BP's profitability will be significant. Analysts estimate losses of up to \$200m could be eliminated. On its own, BP's action is too small to boost world refining margins much. BP itself is rather downbeat about prospects. Nevertheless, the overcapa-city problem is gradually sorting itself out. Not only will new capacity additions start tailing off after this year.

other producers may follow BP in scrapping or selling uneconomic refineries. If margins rebound strongly, BP's move will look premature. That said, it is probably wise to take control of its own fate rather than betting on market forces to bail it out.

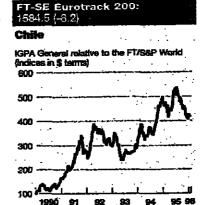
Chilean pensions

Chile's pension reform, introduced in 1982, has long been held up as a model of how to move from statefunded pensions to a privatelyfinanced system. The fact that the country's private pension funds made their first losses last year is therefore embarrassing. But it does not undermine the system as a whole.

The losses ~ a 2.5 per cent decline in

real terms – are largely due to the fact that the funds had 40 per cent of their assets tied up in electricity shares. Unfortunately, that sector was hammered in 1995 as Chile's two main generators raced to build pipelines across the Andes, raising fears of overcapacity. The wider stock market's flat performance did not help. Nor did higher interest rates, which cut into the value of fixed-interest holdings.

This does expose the risk of not diversifying pension portfolios, but so far fund managers have had little choice. Investment restrictions have largely limited the funds to domestic bonds and equities, although this is being gradually relaxed. However, fund managers must repay contributions if they badly under-perform their peers, so investment strategies tend to



similar - hence the heavy weighting in electricity across all 20-odd

But those are minor niggles compared to their overall success. Since inception, the funds have generated annual real returns of 17-18 per cent. Their assets stand at \$25bn, a quarter of gross domestic product, much of which has been channelled into Chilean industry.

Lonrho

Lonrho is a merchant banker's dream. A tangled web of unrelated businesses, it has been almost impossible to value. Given the opacity of its business structure, investors have always been asked to take too much on trust. The group also has a cash flow problem. In addition to its numerous underperforming businesses, much of its earnings come from subsidiaries or associates which only contribute dividends. Hence, Lonrho's 10 unbroken years of free cash outflows. It is therefore a business that is begging for the corporate financier's scal-

Stage one of the process will do least for its shares. By demerging its mining division. Lonrho plans to create a listed holding company for assets which are already listed companies. Lourho could not pass on much debt to the demerged business. And the mining house would probably suffer the 15 per cent or so discount to net asset value of its peers. However, it would succeed in separating its less cash generative business into a lowdividend paying entity. This would leave the rest of Lonrho more highly geared, but better able to pay its divi-

proceed rapidly with stage two - split-ting off the remaining hotel, African trading and sugar businesses. On currading and sogar businesses. On cur-rent asset valuations, Lonrho looks fairly valued. But separate trading and hotels business should benefit from greater management attention and possibly, takeover speculation. Lonrho has the opportunity to deliver much more to its shareholders.

Trafalgar House

Trafalgar House's embattled inves tors may have yet another reason to feel aggrieved. The company's proposed sale of Ideal Homes to Persimmon has sparked a row with Beazer Homes, which was itself interested in buying Trafalgar's housebuilding operations. Beazer is outraged that Trafalgar has granted Persimmon a period of exclusivity to negotiate a leal It is suggesting it might have been prepared to top Persimmon's offer, known to include a premium to Ideal Homes' £151m book value.

Clearly the value of this deal, like most of its kind, will be more than a headline price. Beazer, for example, has said it would be prepared to make an attractive offer for any tax losses. Persimmon may indeed be offering a better overall package. But it is difficult to see what would have been lost by encouraging the two interested par-ties - and any others - to bid up the price for Ideal Homes. Of course, there is a danger that by putting any business up for auction a company may create the impression of being a forced seller. But Trafalgar has been expec ted to sell Ideal Homes for some time Indeed, given its own cash-flow prob-lems Trafalgar needs as much money

British Gas

Who is going to bear the pain from British Gas's unprofitable "take-or-pay" contracts, which commit the company to buying vast quantities of gas at substantially more than the current market price? There are three candidates: producers, consumers or British Gas. The company's proposals to government, though elaborate in detail, fit into two of these three categories. No prizes for guessing that the one candidate not expected to bear the pain is the British Gas supply busi-

> Additional Lex comment on Sears, Page 24



Omolon Gold Mining Company

A Russian Closed Joint Stock Company formed by Cyprus Magadan Gold Corporation, a wholly-owned subsidiary of Cyprus Amax Minerals Company and a group of Russian companies

US\$100,000,000

Limited recourse project financing to develop the Kubaka gold mine in Magadan Region

Funds provided by

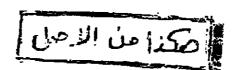
European Bank for Reconstruction and Development Overseas Private Investment Corporation

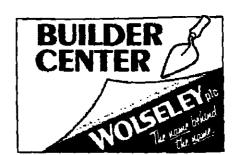
Morgan Grenfell & Co. Limited acted as financial adviser to the borrower

Morgan Granfell & Co. Limited 23 Great Winchester Street, London EC2P 2AX Tel: 0171 588 4545 Fax 0171 826 7900

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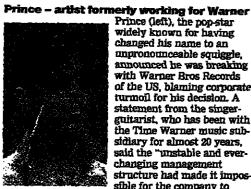




IN BRIEF

JP Morgan rises sharply to \$366m

J.P. Morgan's move into the investment banking business continued on track in the final months of last year as the New York-based bank reported a further jump in income from securities underwriting and merger advisory work. Its after-tax profits for the period climbed to \$360m, or \$1.90 a share. from a depressed \$193m, or 96 cents, a year before.



changed his name to an unpronounceable squiggle, announced he was breaking with Warner Bros Records of the US, blaming corporate turnoil for his decision. A statement from the singerguitarist, who has been with the Time Warner music subsidiary for almost 20 years, said the "unstable and everchanging management structure had made it impossible for the company to

effectively market and promote its flagship artists". He said he was prepared to deliver three more albums under the Prince tag and thus fulfil his contract. Page 23

Lyonnaise predicts profits fall for 1995 Lyonnaise des Eaux, the French water and utility group, warned its large stakes in Elyo, the French energy and heating company, and Brochier, the German construction and pipe group, would drag its 1995 net profits below their FFr1.06bn (\$215m) level in 1994. Page 22

KLM takes 26% stake in Kenya Aliways KLM, the Dutch national carrier, is to pay \$26m to acquire a 26 per cent stake in Kenya Airways. The deal, first signalled last month as the two parties went into to detailed negotiations, is the flagship of the east African government's three-year privatisation and reform programme. Page 23

UK building society to convert to bank Woolwich Building Society, the UK's third largest, said it planned to become a bank and use its new status as a public limited company to make acquisitions. The decision should lead to the distribution of free shares to up to 3.5m qualifying savers and borrowers at the time of flotation, which is due to take place in late 1997. Page 24

Gold shares enjoy mixed fortunes There were mixed fortunes for gold-related stocks

as gold futures rose to \$400 per troy ounce in New York. In Tokyo and Manila, the recent rise in gold markets lifted mining stocks, while Johannesburg's gold shares shot up to a 12-month high on the back of the firmer bullion price. However, gold stocks fell in Toronto as investors took profits. Back Page

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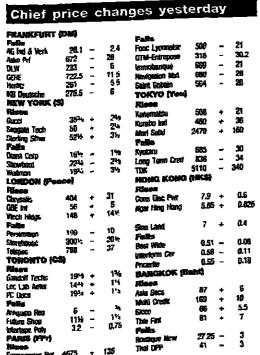
Daimler-Benz

Elyo Fannie Mae

Foster's Brewing

FT Gold Manes Index

Market Statistics FT-SE Actuaries indices Annual reports service Bond futures and options London share service Bond prices and yields Managed funds service Commodities prices Money markets New intl bond issues Dividends announced, Lit BMS currency rates New York share service Recent issues, UK Pixed interest indices Short-term int rates FT/SRP-A World Indices US interest rates



BP to shed refineries and cut capacity

By Robert Corzine in London

British Petroleum is to sell two refineries and close another as part of a restructuring which will cut 30 per cent of its worldwide refining capacity.

The company is to take a \$1.1bn charge in its results for the fourth quarter of 1995 to cover the costs of planned sales of its refineries at Lima in the US

state of Ohio. and Lavera, France, and

the closure of the Pernis section of the

Nerefco refinery in Rotterdam, The

UK operations. Mr John Browne, BP's chief executive. said overcapacity in the sector and thin refining margins in most of the world meant "only a few companies can make

a decent return in the industry".

He said BP had no intention of quitting refining. Yesterday's move would allow the company to concentrate on those refineries which could be "among the most competitive in the regions in which they operate". The company began the restructuring

cus Hook refinery in the US to Tosco, the US refining group, for \$235m. BP took a charge of \$385m in its thirdquarter last year to cover book value losses and potential environmental lia-

bilities at Marcus Hook. Although BP's share price closed last night at 520%p, 13%p down, analysts generally welcomed the decision, which some said might prompt other large integrated oil companies to embark on simi-

"Other companies face the same

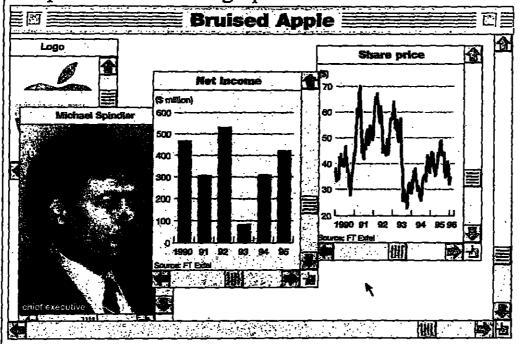
easier for them to take the same action," said Mr Jeremy Hudson, energy analyst at brokers Salomon Brothers in London. Mr Browne said no buyers had been lined up for either of the refineries to be sold. BP would prefer outright sales, but would consider joint ventures or other co-operative proposals

The closure of the two "was an option" if buyers failed to materialise, said Mr Browne. Further refinery rationalisation was also possible, although "I don't expect further moves on this

from 2m barrels a day to 1.4m b.d. That is 400,000 b/d less than its sales. BP will make up the difference by buying on international wholesale markets.

Mr Browne said six of BP's remaining refineries already met the company's new criteria that they should be in "the top 25 per cent in efficiency and profitability" in their region. More money would be invested in five others to bring them up to the same position, he added. An exercise in self-help, Page 19;

PC pioneer is reviewing operations as deficit looms



A pple Computer is headed for a bruising fall. The personal computer industry pioneer expects heavy losses for the Christmas quarter and is preparing cuts and management

changes.

Faced with severe price competition, particularly in the US and Japan, and the rising popularity of rival PC products based on Intel microprocessor chips and Microsoft Windows software, the 20-year-old company has been forced to slash prices.

The strategy, developed by Mr Michael Spindler, who took over as chief executive of Apple in 1993, has been aimed at lifting Apple's 9 per cent market share towards an ambitious target of 20 per cent. That strategy appears to have failed.

Apple announced on Wednesday that it anticipated an aftertax loss of about \$68m for the first fiscal quarter ended December 29. Restructuring charges, as yet unspecified, as well as an \$30m write-down of the value of its inventories, will make Apple's net losses for the quarter much deeper.

Apple said it was undertaking a "thorough review" of its operations. Analysts expect this to result in lay-offs of up to 2,000 employees - nearly 15 per cent of the workforce - and the possible sale or closure of some of the

company's operations. The expected loss has heightened perennial speculation about a merger or takeover.

Following the departure over the past few months of Apple's chief financial officer and top marketing executive, the company this week announced the resignations of two more senior executives: Ms Barbara Krause, vice-president of communica-tions, and Mr Keith Fox, vice-president in charge of the home computer division. The role of Mr Spindler is in the balance,

Apple's core problem is that its research and development costs are higher than its competitors because its Macintosh computers

By Tony Jackson in New York

Barney's, the up-market New

York fashion retailer, has filed

for Chapter 11 bankruptcy amid

an acrimonious dispute with its

Japanese partner Isetan, the

The company said it planned

legal action against Isetan for withdrawing \$50m from the com-

Barney's difficulties represent

the latest example of problematic

isetan, which said it had

invested or lent Y61.6bn (\$588m)

formed a partnership with the

New York company in 1989 to help its ambitious expansion

plans in the US and Asia. These included a store on New York's

Madison Avenue, completed in 1993 at a cost of about \$185m, and

stores in Tokyo and Beverly

in the privately-owned Barney's,

Japanese investments in the US.

panies' joint business.

Apple left with few options as strategy turns sour

are based on proprietary hardware and software technologies. Until last year, Apple was able to charge premium prices for these computers because they boasted superior "ease of use" features. Advances in Microsoft's Windows software, and the introduction of Windows 95 last August, have narrowed Apple's technology advantage and forced

the company to compete on price. In the US, Apple slashed its Macintosh prices shortly before Christmas to generate higher sales growth. In Japan, where competition has been particularly fierce, Apple has been selling some of its Macintosh PC models below cost, the company acknowledged.

"Apple's operating strategy is now in real trouble," said Mr Tim Bajarin, president of Creative Strategies Research International of San Jose, California, an industry consulting group.

ross profit margins, as a percentage of sales, have fallen from 28.7 per cent a year ago to only about 15 per cent in the latest quarter, the

company said. "Apple can no longer afford to participate in the low end of the PC market where profit margins are very thin," said Mr Bajarin. He predicts Apple will withdraw from the "entry level" PC market for low-cost computers and will concentrate on higher performance machines that carry a big-ger profit margin.
"I expect some strong state-

Barney's files for Chapter 11

as dispute with Isetan grows

ney had stopped payments on its loans in March last year. It also

claimed it had learnt in Novem-

ber that Barney's had been heavily lossmaking, contrary to

It was reported yesterday that Chemical Bank, which raised

\$40m of private finance for Bar-

ney's in 1994, would provide

\$100m to support the business

through its Chapter 11 reorgani-

sation. Barney's and Chemical

were unavailable for comment. Barney's is beaded by Mr Gene

Pressman and Mr Robert Press-

man, who were appointed joint

chairmen a year ago. Their grandfather, Mr Barney Press-

man, founder of the business.

The joint venture with Isetan

was aimed at opening stores in

Japan and Asia, as well as adding

30 outlets in the US to Barney's

its previous claims.

Isetan said yesterday that Bar- over a space of five years.

two stores in Manhattan reorganise the business.

ments from Apple about which segments of the PC market it plans to pursue," when the comsay industry analysts. pany announces its first-quarter results next week, he said.

Apple appears destined to become a niche player in the PC industry, focusing on specific segments such as publishing and the

arts where it has performed well. Even a partial withdrawal from US consumer PCs could have serious consequences. Apple risks damaging the fierce loyalty of its customers, and losing the support of third-party software developers who create application programs for PCs.

Yet Apple has few options. Moves to license Macintosh technology to other computer manufacturers, to expand the market for Macintosh applications and create a revenue stream from royalties, have met with limited success. Mr Bajarin says Apple hung on to its proprietary tech-nology for too long and

then did "too little, too late". As Apple narrows its focus to specific segments of the PC mar-ket, opportunities for broader licencing agreements may

emerge, industry analysts said. Meanwhile, rumours of an Apple takeover or merger persist as the company's share price declines. While Oracle is the only company to have expressed an interest in Apple, other companies mentioned as potential part-ners include International Business Machines, Motorola, Sun Microsystems, and Sony of Japan. However, most analysts believe that it would still cost about \$12bn to acquire Apple - a figure which looks high given the scale of Apple's problems - and it appears that Apple has missed opportunities to find a buyer.

> Louise Kehoe and Paul Taylor

Speculation of difficulties at

Barney's have surfaced before,

due to reports of late payments to

suppliers and contractors. Two

years ago, the company released financial data for the first time to

dispel fears, showing a net profit

of \$5.9m on sales of \$150m for the

Yesterday, the company was

reported as saying that sales in the same period of 1995 had been

up 12 per cent on the year before,

and its gross margin had improved. The company said it

planned to submit a reorganisa-

tion plan which would repay 100

per cent of its obligations to

In the US, a company can file

for protection under Chapter 11 of the country's bankruptcy laws.

The company continues to oper-

while working with creditors to

banks and creditors.

last five months of 1993.

Lonrho plans demerger of mines into \$1.5bn operation

By David Wighton in London

Lonrho, the mining and trading group built up by its former chief executive Mr Tiny Rowland, yesterday announced plans to demerge its mining interests into a new quoted company valued at more than £1bn (\$1.55bn).

The group reported higher-than-expected full-year profits of £151m. up 40 per cent, before exceptional items. The shares rose 51/2p to 1921/2p valuing the group at £1.5bn

Mr Dieter Bock, the German financier who ousted Mr Rowland last year, said Lonrho's congiomerate structure meant the value of its assets was not properly reflected in its share price. "This accordingly reduces our ability to develop those busi-

He described the mining demerger as a first step and while he stressed no decisions had been made about other parts of the group, analysts believe Lonrho will sell its hotels and hive off its African trading operations into a separate com-Lonrho's mining assets include

a 41 per cent stake in Ashanti Goldfields, the quoted Ghanaianbased gold miner, and platinum interests in South Africa which it has agreed to put into a quoted joint venture with Gencor, the South African mining group. Lonrho also owns Duiker, a South African coal mining company, and is the leading gold miner in Zimbabwe.

Apart from the small Zim-babwe operation, all the assets are separately quoted companies with Lourho's stakes valued at just over £1bn. The mining interests made profits of £83m last year before exceptionals and tax and before minorities of £11m, compared with £72m in the previ-

The demerger will not take place until the summer at the earliest, not least because Lonrho is awaiting clearance from the European Commission for the platinum joint venture. Some analysts said Lourho might sell

an attractive offer from the likes of Anglo American, the South African mining group which is

thought to be interested. Assuming the demerger goes ahead it will take the form of a liquidation and reconstruction which would be tax-free with no costs other than professional fees. Lonrho's investors will receive shares in the mining operation and new shares in the remaining group with the exist-ing shares rendered valueless.

Mr Bock said no final decisions have been made on management or the allocation of Lonrho's £530m of central debt between the two companies. But it is expected the mining company will be headed by Mr Terence Wilkinson, who is responsible for Lonrho's mining operations in South Africa, Namibia and Zimbabwe, under a non-executive chairman recruited from outside the group. Mr Bock is likely to have a seat on the board but devote most of his time to the

Orange aims to float in March

By Bernard Gray and

Orange, the digital mobile phone network, is to be floated in London and New York in March. provided there is not a slump in world equity prices in the next few weeks. The company is expected to be valued at around £2.2bn (\$3.4bn).

Orange's two owners, Hutchison Whampoa, the Hong Kong conglomerate, and British Aerospace, intend to sell 25 per cent of their shareholdings in the offer; Hutchison's stake will fall from 68.5 per cent to around 51 per cent and BAe's interest will fall from 31.5 per cent to about

No new funds will be raised in

organised by Dresdner Kleinwort December. Benson and Goldman Sachs. However, with 25 per cent of the existing shares available to outside investors, the company should be eligible to join the FT-SE 100 index of leading companies on the UK stock market.

Orange's board is also being reconstituted, bringing in senior non-executive directors. Presentations to UK analysts and investors are likely from mid-February and a roadshow is being The listing will capitalise on

the positive sentiment surrounding Orange, which is Britain's fastest growing mobile network operator. The company exceeded analysts' expectations by attract-

the flotation, which is being ing 50,000 new subscribers in

Orange refinanced £1.2bn of debt at the end of 1995, repayin loans made by the shareholders to finance the roll-out of its network, in preparation for the sale The original shareholders had around half of their investment repaid in the debt refinancing, and the flotation will effectively repay the other half, leaving both companies with their reduced shareholdings effec-tively at zero cost.

BAe has invested about £300m in Orange so far, received £140m from the refinancing, and is likely to receive about £180m from reducing its stake. Hutchison will receive about twice that

corporate chang

This announcement appears as a matter of record only

Pinault Equipement MBO of French equipment dealer and rental company

December 1995 Sole Debt Arranger

Willhire Group Limited MBO of vehicle rental business December 1995 Sole Debt Arranger

United Transport Logistics MBO of French logistics company December 1995 Sole Debt Arranger

Structo AB MBO of steel tube processor Sale Debt Arranger

December 1995

Porterbrook Leasing Company Limited MBO of passenger rolling stock leasing company from British Rail Debt Co-Arranger November 1995

ADS Anker Group MBI of electronic point of sales solutions

provider from BTR pic August 1995 Debt Co-Arranger For further information call

David Marshall or Mary Clippingdale

on (44)171 971 4454.

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EUROPEAN NEWS DIGEST

Investment for Greek gold plant

\$150m to build a gold extraction plant at Kassandra Mines, the northern Greek base metals producer. Government officials said it would be the largest foreign investment in Greece for more than a decade. The deal also marks the first large privatisation to be completed in Greece for more than two

TVX Hellas acquired Kassandra, a state-owned facility in liquidation, for Dr11.2bn (\$47m) after negotiations with the industry ministry, which runs the government's privatisation programme. The company will make a down payment of Dr4.5bn with the remainder to be paid in equal annual instalments over the next five years, plus interest.

Kassandra's assets include three mines producing lead, zinc and silver, milling facilities and a ship-loading installation. During 20 years of mining operations, Kassandra also built up a 200,000-tonne stockpile of gold-bearing pyrite with a gold content of about 25 grams a tonne - equivalent to about 145,000 ounces of gold.

Kassandra has ore reserves estimated at 14m tonnes with a grade of 6 grams a tonne of gold. The Greek government is expected to provide up to \$69m towards TVX Hellas's total investment of \$204m over the next three years. The extraction plant will produce 190,000 ounces of gold equivalent in the first

Italian bankers join Ina board

The chairmen of three Italian banks have joined the board of Ina, the Italian insurer, after taking just under 10 per cent of the company's shares in the second stage of its privatisation last year. Shareholders appointed Mr Luigi Arcuti, chairman of Imi, Mr Gianni Zandano, chairman of San Paolo di Torino, and Mr Sandro Molinari, chairman of Cariple of Milan, to the board. They also joined the executive committee. Mr Sergio Siglienti was reconfirmed as chairman of the group for the Andrew Hill, Milan

RWE enters telecoms link-up

RWE, the industrial conglomerate built around Germany's biggest utility, has signed contracts with two other utilities, VEW and VEAG, to pool their various telecoms activities. The three companies will link their electricity grids and adapt them to carry telecoms services. VEW supplies electricity in north-western Germany while VEAG is the utility covering most of eastern Germany. Talks are continuing to bring the other utilities into the new venture. Michael Lindemann, Bonn

Setback for Veba

Veba, the German industrial conglomerate, yesterday suffered a setback in its efforts to branch out into telecoms when it emerged the group was no longer in the running for a 49.9 per cent stake in DBKom, the telecoms subsidiary of the federal railway network, Deutsche Bahn.

Norwegian bank stake for sale

Norway's Government Bank Investment Fund, which holds the state's extensive bank shareholdings, signalled it would sell its 41 per cent stake in Union Bank of Norway - presently worth NKr1.65bn (\$280m) - within three months. The fund planned to sell its 10m primary capital certificates in the bank, the country's largest savings bank with assets of about NKr100bn. The bank was the only large banking institution to survive the loan-loss crisis of the early 1990s without requiring a state bail out. But the government fund bought its stake through an issue of convertible bonds as part of its general measures to bolster the banking system. Kleinwort Benson has been appointed global co-ordinator for the issue.

Hugh Carnegy, Stockholm

AFX News. Munich

56,000,000

SAP, the German software group, said three of its founder shareholders had transferred a 38.11 per cent of their holdings into three non-profit foundations and a trust to maintain the company's independence. The four institutions intend to reach an agreement to have a consensus voting right.

AFX News, Walldorf ■ Coffir, the Spanish company, confirmed it had broken off talks to acquire a 60 per cent stake in Telepizza from the company's minority shareholders. Cofir said it did not agree with Telepizza's Pta9bn (\$74m) valuation. Telepizza has about 250 owned and franchised outlets. ■ Accor, the French hotels group, expected to raise about FFr1.7bn (\$34m) from the previously-announced sale of 17 buildings in its Sofitel chain. The sale should be completed by the end of the first half of 1996, said Accor, confirming a report in Les Echos newspaper. AFX News, Pari.

■ Stemens, the German electronics group, would propose the issue of up to DM500m (\$247m) in nominal authorised capital

at its shareholders meeting on February 22, the company said.

It would also propose splitting its stock's nominal value to

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£150,000,000 £144,000,000 Class A2 Notes Class B Note Class A1 Note

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Interest Accrual Rate Coupon Agrount (USD) 5.957660% U.S.\$4,532,951 81

This interest Accroal Rate and Coupon Amount should be used when determining the

est payable on Thursday, April II. 1996.

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ANZBank Banking Group Limited ACON 005 357 522 d with Sound Linkley on the Source Victoria, Australia) U.S. \$250,000,000 Floating Rate Notes due 1998 Processing state: Votes date: 1976
Notice is hereby given that for rise increes: Period IIth January, 1996 to IIth Agril, 1996, the Notes will carry a Raze of Interest of 5,6776 per cent.
per atmost with an Amount of Interest of U.S. \$144,07 per U.S. \$10,000 Notes and U.S. \$1,460,74 per U.S. \$100,000 Notes. The relevant Interest Payment.

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Lyonnaise des Eaux warns of profits setback

By David Buchan in Paris

Lyonnaise des Eaux, the French water and utility group, yesterday warned its large stakes in Elyo, the French energy and heating company, and Brochier, the German construction and pipe group, would drag its 1995 net profits below their FFY1.06bn level in 1994.

Despite earlier warnings last month of problems in these two companies, the market took the Lyonnaise annouce-

Hamburg

real estate

By Judy Dempsey in Berlin

A leading Hamburg property

developer is expected to face

bankruptcy charges after run-ning up debts of more than

DM1bn (\$695m) on building

projects in Hamburg and the

state of Schleswig-Holstein.

bankers yesterday confirmed. Mr Hans-Erich Dabelstein,

who owns a privately-run real

estate company, had recently acquired substantial proper-

ties to develop housing units and office space in Hamburg

and other regions about the

An official from Commerz

bank said Mr Dabelstein had

problems finding tenants and

leasing office space. "This is bad news for the Hamburg

property market," he said.

Commerzbank is one of sev-

eral banks which has provided financing for Mr Dabelstein's

Signs that he was facing dif-

ficulties emerged last November when Compagnie Nord, a

small bank in Kiel, the state

capital of Schleswig-Holstein,

reported problems in receiving

interest payments on loans to

Mr Dabelstein, according to

another banker. "This trig-

gered off the distress signals. We knew something was afoot

for the past two months," he

available for comment vesterday. "He is ill. He cannot

take your call. We cannot con-

firm any of this," a friend

Analysts had expected the

Hamburg market to remain

stable. Its office and retailing

property, unlike Berlin, Frank-

weathered the recession of the

But the market for leasing

office space in the city has

furt and east German cities.

Mr Dabelstein was not

city state.

business

falters

ment badly, marking down the group's shares sharply in Paris although they recovered to end nearly 3 per cent down at FF7467.90 a share on the day. Analysts were yesterday pre-dicting 1995 net profits in the range of FFr900m (\$182.5m).

Lyonnaise said total sales remained "stable" last year in line with its FFr99.96bn turnover in 1994. The group forecast an improvement this year, particularly in its service sec-tor abroad where Lyonnaise has just acquired Northumbrian Water in the UK.

Elyo, in which Lyonnaise has a 56 per cent controlling stake, is a FFr10bn-a-year French business in management and maintenance of buildings, provision of heating equipment and waste incineration, and gas and electricity distribution. It has suffered from last year's warm weather and from the continued French property market slump. Elyo, which made a FFr363m operat-ing profit in 1994 (of which a net FFr110m profit was for

into loss last year.

The group's other problem is its 38.8 per cent stake in Bro-chier, which in the generally unpromising climate for the construction sector overreached itself by fast expansion in eastern Germany. At very least, Lyonnaise is expected to have to write off

FFr100m of the goodwill it paid for in its initial 1982 purchase of 25 per cent of Brochier, subsequently increased. At worst, Lyonnaise might pull out of

Lyonnaise) consequently fell Brochier altogether, a possibility which the French group did not last night exclude.

Lyonnaise began last year by signalling an increase in profits of as much as 25 per cent. During the first half it achieved a 17 per cent increase in net profits to FFr506m on unchanged turnover. But since then the general economic climate for Lyonnaise, where management effort has been focused on putting new ethics and internal audit committees in place, has deteriorated.

east Europe By John Thomhill in Moscow

Debt fund

planned for

central and

International investors should be able to access some of the highest yielding government paper in the world through a specialist fund being created by the Templeton fund management group. The company aims to raise \$300m to purchase central and eastern European government debt

instruments.

The fund, which is being marketed later this month, promises to give institutional investors direct exposure to the region's debt markets, which are potentially highly lucrative but are thick with administrative obstacles and political and currency risks. Managed from Edinburgh but incorporated in Luxem-

bourg, the fund would invest in government securities markets throughout eastern and central Europe, which are expanding quickly as the region's governments seek more sophisticated ways of financing their budgetary needs. The fund is likely to be open-ended but shareholders could redeem their investments every six months.

The Russian central bank is

also considering allowing foreigners greater direct access to the Russian Treasury-bill (GKO) market. In an interview with the Russian Expert magazine, Mr Anatoly Chubais, the first deputy prime minister and standard bearer of economic reform, forecast the government could raise an additional \$2bn-\$3bn in the next six months if the GKO market

were liberalised. Foreign investors have been clamouring to gain access to GKO market, which currently offers annualised yields of more than 85 per cent in rouble

The Russian government's success in holding the rouble steady against the US dollar since last summer has reduced the perceived currency risk and increased GKO yields in

bard currency terms.

Foreign investors are allowed to buy 10 per cent of the primary issue of GKOs but there are restrictions on repatriating profits. Some invest-ment banks have constructed "synthetic" investments, giving investors exposure to GKO yields without holding the instruments. The Templeton fund may try

to skirt the restrictions by buying as much as \$30m of GKOs through a Russian partner company, likely to be Vnesh-torgbank, Russia's second largest bank in terms of assets.

Many Russian banks are opposed to an opening up of the GKO market which would have the effect of driving down The central bank has used

the GKO market to inject liquidity into the banking system after the temporary paralysis of the inter-bank lending market last year. Although the current returns

on GKOs are high, the risks are also considerable. The prospects of a communist candidate winning the presidential elections in June could undermine the rouble. Mr Chubais put the odds on a communist victory at 40:60.

Templeton has been one of the most active investment

Saab car sales rise falls short of target

By Hugh Carnegy in Stockholm

Automobile, struggling Swedish carmaker managed and half-owned by General Motors, achieved an 11 per cent increase in car sales last year, but the total fell slightly short of earlier-stated targets and the company said the increase had come at the cost of lower margins.

Saab said it had sold 98,700 cars in 1995, up from 88,700 in 1994 and the highest level since 1989 when GM bought a 50 per cent stake in the company to become co-owner with Sweden's Wallenberg empire. Saab had hoped early in 1995 that it would top 100,000 sales.

But 1995 proved tougher than Saab had anticipated. After achieving its first annual profit in 1994 for six years, the company slumped to a loss of SKr322m (\$48.93m) in the third quarter of last year, forcing it into the red for the whole of the first nine months.

No new financial figures were available yesterday. Mr Keith Butler-Wheelhouse, chief executive, said Saab bad achieved its primary target of a substantial increase in sales, including an 18 per cent rise in the US, the company's biggest market

But he added it came "at the expense of increased marketing costs, due to an overall weaker market situation in Saab's most important mar-



Keith Butler-Wheelhouse: Saab had achieved primary target of substantial sales increase

Discounting and other measures to stimulate sales of its 9000 and 900 models helped Saab raise sales in the US from 21.521 to 25.454. In the UK, the second-biggest export market. there was a 24 per cent increase from 9,839 to 11,534 cars. But the measures taken

margins, the company said. Saab said it had experienced a good start to this year in the US, the UK and Italy - an increasingly important market. The lapse back into losses last year prompted Investor, the which is GM's co-owner in

about Saab's ability to sustain Wallenberg company Saab, to voice public worries

acceptable long-term profit levels. It said it was discussing the company's future with GM. But GM reiterated its commitment to Saab, which it says it still intends to fill the role of providing luxury premium models not available from other GM operators.

Shareholders to restructure Cap Gemini

By Andrew Jack in Paris and Judy Dempsey in Berlin

The leading shareholders in

Cap Gemini Sogeti, the large France-based computer consultancy business, vesterday announced a FFr2.1bn (\$425m) financing and a new structure designed to clear up questions hovering over the ownership of the group.

deteriorated, falling from 250,000 sq metres leased in Debis, the financial services 1992 to about 160,000 sq m and mobile communications division of Daimler-Benz of leased last year. This followed the completion of 400,000 sq m | Germany, which had an option of space in 1992 bringing the to take control of the group at overall supply of office space | the end of this month, will instead reduce its stake from

34 per cent to below 25 per At the same time, it will con-

vert FFr900m of the FFr1.2bn it held in warrants issued by Cap Gemini into equity, sharply cutting the high level of debt held by the group.

come through a FFr900m contribution from CGIP, the French holding company, which reduces its stake to under 25 per cent, and Mr Serge Kampf, the founder of Sogeti in 1967, who provides FFr300m and will, along with managers, hold 20 per

A new company called CGS will be formed through the restructuring, through the merger of Cap Gemini Sogeti with Sogeti SA, which currently controls 61.5 per cent of the shares.

About 30 per cent of the shares in the new group - compared with 31.8 per cent currently held in Cap Gemini Sogeti – will be publicly held. Mr Kampf, 60, chairman and chief executive, said the deci-sion was partly taken to ensure the group had "a more solid and durable shareholder than me" in the future. "The new structure of the period.

group will lead to a more effi-cient and leaner organisation," Mr Jüregen Schrempp, chairman of Daimler-Benz, said yesterday. Debis, which is based in Berlin, first took a stake of 34 per

cent in Cap Gemini Sogeti in 1991, and it had the option of increasing its ownership to 51 per cent at the end of January. But until now it has had to carry losses of about DM100m. In 1994, Debis reported a rise in profits, from DM18m the previous year to DM86m, while sales surged, rising 14 per cent to DM10.8bn over the same

S&P criticises Poland's bank consolidation strategy

By Anthony Robinson

to 10.8m sq m.

The Polish government's new bank consolidation and privatisation strategy "would not significantly enhance the creditworthiness" of the two main banks involved "or be sufficient to propel either into the investment-grade range for zloty denominated obliga-

tions". according to Standard & Poor's, the international credit rating agency.

In the short term, the consolidation plans could increase credit risks, because of a difficult integration process and the nature of the enlarged loan portfolios. Longer term, however, both Polska Kasa Oniecka SA (Pekao) and Bank

as a high-growth group with

support Gambro's expansion."

says Mr Lindqvist. "They know

our plans and they are support-

group's keystone? Founded in the mid-1960s,

Gambro has concentrated on

blood treatment processes. Its

main business has been the

production of kidney dialysis

equipment. It has an 18 per

cent share of a world market

which is growing by about 10

per cent a year. It also pro-

duces machinery for blood

treatment during cardiovascu-

lar surgery and equipment

which breaks down blood into

its different components for

transfusion in applications

such as caricer treatment.

business.

Handlowy, the two state-owned specialised banks chosen to been expensive and time con-incorporate smaller state suming, persuading the govowned banks before privatisation, should benefit from greater diversity and a stronger market share, it said. Earlier bank privatisation strategies, which called for the gradual sell-off of nine com-

the central bank in 1989, have suming, persuading the government to change tack. Under the new strategy,

announced late last year, Pekao will combine with Bank Depozytowo-Kredytowy, Powszechny Bank Gospodarczy and Polski Bank Rozwoju (BPR), while Handlowy will join

Bank Przemysłowo-Handlowy (BPH). Existing shareholders of the partially privatised BPR and BPH have objected to being forced into an unwanted marriage. Standard & Poor's caution that objections from shareholders and from the regional banks' managers

mercial banks hived off from "could still scuttle the deal". funds in eastern Europe. Transfusion of fresh blood for the Wallenberg empire

r Berthold Lindqvist, chief executive of the Swedish medical technology group Gambro, is about to be swallowed by the Wallenberg empire, Europe's most powerful industrial dynasty. He is not exactly brimming with enthusiasm about the prospect. Mr Lindqvist said the bid by

incentive, a key Wallenberg holding company, to complete the full takeover of Gambro would be "neutral" on the target company.

Speaking from Gambro's headquarters in the southern university town of Lund, he said he especially regretted the

end of Gambro's life as a

bourse-listed company. Gambro, which is the world's leading group in renal care, is set to make its first - and last - appearance in this year's FT500 as its share price has strengthened steadily. "The investment community had a very positive view of Gambro and that created a lot of com-

mitment," he said. But Mr Lindavist has decided nevertheless to support the move by Incentive which in any case has been the biggest shareholder since it first bought into Gambro in 1994. "I had some concerns, I must be honest. But I have decided to stay on and continue to run Gambro," he said. What appears to have convinced him is the importance

Gambro is now set to have for Incentive - which is committed to putting its financial and vices to its manufacturing move is not without its critics. The abit apprehensive, "I'm a bit apprehensive," says one London-based analyst. industrial clout behind the operations. The chief operation company's expansive strategy. in this area is the REN chain From Incentive's point of of dialysis clinics in the US. view, the full acquisition of which Gambro took full con-Gambro is an important stratrol of last year, making it the tegic turning point: to date a widely diversified conglomerafourth-largest operator in the field. It also now owns clinics tion of second-line Wallenberg in western and central Europe. industrial holdings, Incentive Gambro has doubled its now intends to remodel itself annual turnover in the past

medical technology its core (\$1.52bn) through a mixture of organic growth and acquisi-They have said they will tions. In the first nine months sell assets not just to reduce of last year, pre-tax profits Incentive's debts but also to reached SKr946m, a 13 per cent rise over the same period in 1994 and producing a 20.5 per cent return on capital employed Incentive's bid valing them." he explained. So what is the quality of the ues the group at more than somewhat reluctant asset SKrisba, equivalent to 1.7 Incentive is now setting as the times prospective sales and 23 times prospective net earnings.

five years to about SKr10bn

r Lindqvist says he intends to double sales again in the next five years partly through anticipated organic growth of 10 per cent a year, but also through further acquisitions in healthcare services and in cardiovascular equipment.

The move into services is something of a pioneering step by Gambro, its main competitors in dialysis, Baxter of the US and the German group Fre-

senius, have not to date gone

who asked not to be named "They have moved in effect into buying up their own cus-tomers, which leads to a lot of internal sales and risks upsetting other customers. It hasn't worked in other industries, so why should it work for a healthcare company?" Mr Lindqvist rejects the

scepticism. Vertical integration

makes sense, he says, because of the total value of annual purchases for the 700,000 dialysis patients worldwide of SKr140bn, only SKr40bn is in equipment. "We were only in the SKr40bn segment, but we had the network of contacts throughout the dialysis area. So we started to look at the mpoje asjae cpsia". Gambro argues that long-term it can get higher

margins in the service sector than it can in equipment. To date the operating margin in its clinics operations falls short of the 17 to 18 per cent industry benchmark, but Mr Lindqvist says that has much to do with acquisition costs. "We are convinced the numbers will be there, there is no question about that," he

Over time, the continued dominance of the dialysis equipment division, which still accounts for 65 per cent of turnover, will be balanced by minority not yet held by incen-

COMPANY PROFILE: GAMBRO Market capitalisation Main listing

Historic P/E

Gross yield

Earnings per share \$2.7bn Stockholm . . 25.7 1.09% Earnings per share 1994: 6.06 Current share price SKr (32.0

Share price relative to the Affiliantariden troex

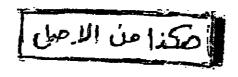
300 200 100 :50%

faster expansion of other divi-

Gambro hopes the Incentive bid will go through quickly so that the transition period is as smooth as possible. Although some institutional shareholders are resisting Incentive's intention to pay more to holders of shares with weighted voting rights than to ordinary shareholders, the bid for the

tive has not to date met any concerted opposition. Clearly, Mr Lindqvist regrets the loss of independence. But assuming there are no clashes over strategy, he may come to feel compensated by the record of long-term commitment the Wallenberg sphere has to investments it identifies as core assets. •

Hugh Carnegy



But in recent years Gambro as far down that route. But the

INTERNATIONAL COMPANIES AND FINANCE

Warner Bros loses its formerly loyal Prince

By Christopher Parkes in Los Angeles

Prince, the pocket-sized pop-star widely known for having changed his name to an unpronounceable squiggle, yesterday blamed corporate turnoil for his decision to break his links with Warner Bros Records.

A statement from the apparently ageless singer-guitarist, who has been with the Time Warner group's music subsidiary for almost 20 years, said the "unstable and ever-chang ing management structure had made it impossible for the company to effectively market and promote its flagship art

Numbering "The Artist Formerly Known as Prince" as a member of this flotilla, he said he was prepared to deliver three more albums under the Prince tag and thus fulfil his contract. The inspiringly-titled "Prince: The Vault" in three volumes, has already been recorded, according to his spokesman. After its release he would relannch with a new

recording: "Emancipation".
Although Warner Bros could not be contacted for comment, the pop-star's spokesman's claim of a dispute dating back 18 months indicated there was more to the planned defection than the sight of blood on the record company's boardroom

carpet, This was spilled in copious quantities only in the latter part of last year with, first, the sacking of Mr Dong Mor-ris, head of Warner's US record business, followed by the ousting of Mr Michael Fuchs, chief of Warner Music and the Home Box Office television business

Music industry observers said Prince's anxieties were common among established acts which saw their popularity being eroded by advancing age and upcoming generations

of new groups.

Although Prince's latest record, "The Gold Experience", has been nominated for a Grammy award, and he is enjoying a successful tour in Japan at present, he has reportedly lost the ability to fill the "big barn" auditoriums in the western world by which lusic combanies measu their stars' pulling power.

Despite his fading charms the artist is not expected to have great difficulty finding a new recording company. Mr George Michael, the temperamental British rock star, last year split acrimoniously with Sony and immediately fell into the arms of the youngest com-pany in the business: Mr Steven Spielberg's DreamWorks.

Shandwick in \$40m loan note placement in US

Shandwick, the UK public relations company, yesterday said it had completed its capital restructuring with the refinancing of 50 per cent of its borrowings through a \$40m private placement of unsecured loan notes in the US and new unsecured bank facilities of £27m (\$41.7m), writes Antonia Sharpe in London.

The loan notes, which pay a fixed rate of 7.76 per cent, have a maturity of eight years. Of the £27m bank facilities, provided by Lloyds, Midland and Fuji, £12m is on a fiveyear term, £5m is a two-year credit line and £10m is on

overdraft. Shandwick will pay an interest margin of 1.75 per cent more than London interbank or base rates on these facilities, down from 1.875 per cent previously, with further reductions to 1.5 per cent and 1.25 per cent based on interest

Mergers drive pays off for JP Morgan By Richard Waters n New York

J.P. Morgan's move into the

investment banking business continued on track in the final months of last year, as the New York-based bank reported a further jump in income from securities underwriting and merger advisory work.

Together with strong earnings from the world's buoyant bond markets, the advance enabled the bank to report better than expected results for the last quarter of 1995. Its after tax profits for the period climbed to \$366m, or \$1.80 a

Mr Gordon Wu plans to

increase the dividend payout rate of his Consolidated Elec-

tric Power Asia subsidiary to

about 80 per cent of after-tax

profits in a move which is

likely to cause disquiet among

Mr Wu denied in an inter-

view that there was anything

untoward about the decision.

ast year was Gordon

Wa's annus horribilis.

✓ But Asia's leading infra-

structure group, which consists of Hopewell Holdings and

its listed subsidiary Consoli-

dated Electric Power Asia

(Cepa), has survived.

Mr Wu now hopes that after

he and his flagship Hopewell have weathered last year's

storm he will be able to navi-

gate into slightly calmer

To reduce debt, he plans to

snin off the mads and transpor-

tation projects that Hopewell

owns and is developing into a

company to be called Consoli-

dated Real Estate and Trans-

port Asia. This amounts to a

sort of "son of Cepa" for Mr Wu's highways, light rail and

property development inter-

ests. He says he has already

received commitments for

HK\$5bn (US\$647m) from for-

eign, mostly Japanese, inves-

tors in a projected initial capi-

Hopewell, it did not finish well

for Cepa either. Two of the

company's most important pro-jects - the 750MW coal fired

power station at Pagbilao in

the Philippines, and the 1.980MW Shajiao C coal fired

station in Guangdong - ran

In both cases the problems

have threatened bonuses that

Cepa would have earned for

completing projects early. In

the process, Mr Wu's reputa-

tion as a savvy independent

power producer has been

In an interview, Mr Wu said

the problem at Shajiao C had

been rectified and the power

station had been fully opera-

tional since the beginning of

this year. But, the six to eight

month delay - caused first by

vibration in the station's GEC-

Alsthom turbines and then in

tal raising of HK\$9bn.

into difficulties.

ii 1995 was a touen

waters this year.

By Simon Holberton

in Hong Kong

\$193m, or 96 cents, a year

The news helped lift Morgan's shares by \$2 in morning trading in New York, to \$76%. The US bank strengthened its foothold in the mergers and acquisitions business, particu-larly outside the US, with a

string of important takeovers in the second half of last year. These included advising TSB on its sale to Lloyds Bank and Hoechst on its acquisitions of Marion Merrell Dow.

In the US, meanwhile, the bank pulled off one of the more improbable acquisitions of the

"Everybody's getting it; the

shareholders are fairly treated," he said.

However, a power industry

analyst with a US securities firm said: "I hate the idea. It is

robbing Peter to pay Paul.

Investors buy Cepa because

they want to see it grow, not to give the cash back."

payout rate comes at a time

when Hopewell Holdings, Mr

Wu's flagship and a 63 per cent

Keti Bender 1320MW

heliao C 1980MW

al 1320MW

as 1 210MW

lost revenue. Mr Wu said he

would press for some of the

The problem at Pagbilao

early - is of a different type.

Cepa's contract specified that

the Philippines' National

Power Corporation (NPC)

tricity as soon as it was ready

October, but the NPC's trans-

mission lines were then 12km

away. This sparked a dispute

but Mr Wu says a solution is in

sight. "The dispute can be set-

tled in one of two ways," he says. "Either they can pay more over the life of the con-

tract, or they can extend the

life of the contract. They'd like

an extension and we want to

settle it amicably, we'd like to preserve good will."

This will mean a loss of early

completion income, which Ms

Pamela Bonnie, power industry

analyst at Salomon Brothers.

the US investment bank, esti-

Mr Wu says he expects

Cepa's 25-year contract to oper-

ate Pagbilao to be extended by

between two and five years to

make up for lost income. He

said transmission lines which

mates at US\$65m.

Production was available in

ud bay for Pa

to go into production.

which was also completed

lost bonus to be paid back.

0 . 10

The decision to increase the

Wu to boost rate of Cepa payout

Powerful ambitions at Hopewell

Cepa project costs & life-term profits

HK group is upbeat about its future prospects, says Simon Holberton

Westinghouse Electric, the struggling industrial conglomerate, of CBS, the weakest of the three big television net-

work companies. Corporate finance revenues in the final quarter were \$158m, up 30 per cent on a year before. For the year as a whole, income rose 35 per cent to

These increases, however, did not match those of Wall Street's more established investment banks last year. Morgan Stanley and Lehman Brothers each last week reported a jump of around 70

shareholder in Cepa, is raising

cash to lower its gearing. Cepa paid out 24 per cent of its after-

tax profits in dividends to ordi-

nary shareholders in the year to 30 June 1995. This amounted

rate were applied to the 1995 year then it would have paid

out \$HK471m in dividends, of

which HK\$296.7m would have

accrued to Hopewell, against the HK\$88.8m actually paid.

Operating costs

Project costs

Pre-tax profits

would be at the plant by the end of March and Pagbilao,

and would start operating soon

afterwards, would generate

revenues of US\$18m a year.

Power industry executives in Asia credit Mr Wu with single-

handedly creating the indepen-

dent power industry in the

eminent power development

company in the region," says

the head of a US power com-

pany in Hong Kong, "It is a

wonderful accomplishment

given that they weren't even in

A European industry execu-tive says he believes it is vital

for the power industry in Asia

that Mr Wu pulls through his

banks," he says. "If they have

confidence in someone or

something then they will

invest. They have that confi-

dence in Gordon Wu. It is criti-

cal for the future that banks do

not lose confidence in him. If

they did, money would dry up

overnight for independent

Mr Wn betrays no sign of

concern about the future. He is

optimistic about prospects in

the Indian sub-continent,

power in the region."

"The biggest problem is the

the power industry."

present difficulties.

NEW CONTRACTOR OF THE PARTY.

50

If the higher dividend payout

to HK\$141m (US\$18.2m).

per cent in their underwriting and advisory income during the final three months of the

The difference reflects J.P. Morgan's slower start in the US equity markets, particularly where underwriting is concerned. Traditionally, the most profitable business for Wall Street, the booming primary equity market made 1995 a banner year for the small number of investment banks

that have a lock on the area. Profit margins from underwriting bond issues, on the other hand, have come under pressure as a handful of com-

Mr Wu also indicated that

Ceps planned to increase the

amount of "quasi-equity" it raised from external sources to

fund Asian power station development. Of the US\$1.8bn raised to finance Tanjung Jati,

an Indonesian facility, some

US\$424m of quasi-equity was

raised. Mr Wu said quasi-equity was similar to

debenture stock and ranked

before equity in terms of

station in Keti Bendar will be

the first project to reach frui-

says. "The cost is less than

Tanjun Jati (his US\$1.8bn Indo-

nesian power station] because we do not have to pay hefty

import duties and value-added

tax on equipment. Pakistan is

friendly to foreign investors -

we have a 30-year tax holiday -

and we will probably do it for

He is similarly upbeat about

India and says he is looking at projects in Bangladesh. This

reflects his close association

with the International Finance

Corporation, the commercial

arm of the World Bank, which

encouraged him to look at

power projects in Asia when China closed its door to foreign

participation in its power

eign funded power station deal in China

· Snajiao C – and some indt

try observers suggest that part

of China's reluctance since to

sanction foreign ownership is

because Mr Wu bragged about

"I think this is a case where

the success of some foreign

ment] is a zero sum game.

They think they can do it

themselves. What they don't

realise is if they get it wrong

likely to be regarded by ana-

Cepa's cash into Hopewell. Mr

Wu says he thinks a dividend

payout of about 80 per cent of

post-tax profits is reasonable

and will not constrain the com-

the returns he earned.

r Wu did the last for-

"Pakistan is bankable," he

mercial banks have made inroads to the US debt securities markets.

The strong bond markets, meanwhile, pushed trading revenues up to \$369m in the final quarter and nearly \$1.4bn for the year as a whole, up 35 per cent from 1994 - though still far below the \$2.1bn hit in the record year of 1993.

Full-year net income was nearly \$1.3bn, or \$6.42 a share, compared with \$1.2bn, or \$6.02, the year before. That represented a return on capital of 13.6 per cent - stronger than the 12.9 per cent of 1994, but well below 1993's 22.3 per cent.

Grupo Carso plans to split stock into two groups

By Daniel Dombey in Mexico City

Grupo Carso, the Mexican holding company which has active control of the country's telecommunications group Telefonos de México (Telmex) trial and retail concerns, plans to split its stock into two separate companies.

The proposal, which has yet to be approved by sharehold-ers, would create a telecommunications and multimedia com-

pany with global aspirations. What the group terms "tradi-tional Carso" would include companies such as mining operation Frisco, retailer Sanborns and cigarette manufacturer Cigatam. It would aim to expand into Mexico's soonto-be privatised railway sector and its liberalised electricity

Grupo Carso, which has a market capitalisation of 48.5bn pesos (\$6.4bn), posted sales of 12bn pesos in the nine months to end-September 1995, and net income of 2.2bn pesos. Current shareholders would be issued shares in each of the

The split would allow the telecommunications and multimedia company to expand its stake in Telmex from 8.4 per cent to 12.8 per cent in the next three years, using outstanding calls and equity swaps.

The new company would seek financing to set up media operations and look for operations outside Mexico. Traditional Carso would be free to use cash flow from its companies to expand its presence in Mexican infrastructure. "It's going to be a very, very large company," said Mr Fernando investors gave some people the wrong ideas," he says. "They (China) think [foreign invest-Chico Pardo, a Carso board member.

The new company is likely to be valued as a growth telecommunications stock, while Grupo Carso's price has largely hinged on valuations of its industrial components.

they bear 100 per cent of the "The new holding company Mr Wu is no stranger to conwill very closely track Telmex but in the early stages may track it at a discount," said Mr troversy. His decision to raise Cepa's dividend payout is Stefan Herz, an analyst at Kleinwort Benson in London. lysts as his way of putting

OMRON

CORPORATION

NEWS DIGEST

KLM takes 26% of Kenya Airways

KLM, the Dutch national carrier, is to pay \$26m for a 26 per cent stake in Kenya Airways. The deal, first signalled last month when negotiations started, is the flagship of the East African government's three-year privatisation and reform

The agreement marks the start of a partnership which will improve KLM's access to African destinations while allowing Kenya Airways to extend its range to the US, Asia and Pacific Yesterday's signing is the culmination of a three-year restructuring drive by Mr Brian Davies, Kenya Airways' nanaging director. The deal also paves the way for the African airline's flotation on the Nairobi Stock Exchange,

expected to be the largest share issue in the country's history.

Mr Musalia Mudavadi, the finance minister, admitted vesterday that until the carrier's restructuring started in 1992, it was "a typical example of a parastatal basket case". Within a year losses had been reduced to \$30m. Last year, the airline reported a \$17m profit. Under the agreement, KLM will spend an additional \$5m on "technical assistance", bringing Kenya Airways' service standards up to levels set by KLM and its

Michela Wrong, Nairobi and Joel Kibazo, London

Strong finish buoys Fannie Mae

Fannie Mae, the largest provider of mortgage funds in the US, reported slightly higher net income for 1995, and forecast 'excellent earnings gains in 1996". Net income for the fourth quarter and the year were affected by a \$350m special contribution to the Fannie Mae Foundation. In the final quarter, net income was \$408m, or \$1.48 a share, after the charge (and \$636m, or \$2.31, before). That compares with the previous fourth quarter when net income was \$553m or \$2.02. For the year, net income was \$2.14bn, up from \$2.13bn in

1994. Before the charge, 1995 net income was \$2.37bn. Earnings per share, fully diluted, were \$7.78, or \$8.61, before the contribution, compared with \$7.77. Mr James Johnson, chairman and chief executive, said that after a slow start to the year there had been a rebound in

volumes in the second balf. That, and a "favourable near-term outlook for mortgage lending" meant the company was well-placed for the current year. Maggie Urry, New York

Acquisitions help boost Laidlaw

Laidlaw, the North American transport and waste management group, said acquisitions last year helped raise first-quarter revenues 42 per cent, and earnings by 31 per cent. For the three months ended November 30, Laidlaw posted net profit of US\$50.2m, or 18 cents a share, up from \$38.2m, or 14 cents, a year earlier on revenues of \$809m against \$570m.

In calendar 1995, Laidlaw added to its US hazardous waste business and also bought several school bus and ambulance firms. But it closed its Italian landfill business, reducing solid waste management revenues. Laidlaw raised the quarterly dividend on its A and B shares from 4 cents a share to 5 cents.

Gulf Canada, which is recovering swiftly with new leadership, will begin paying dividend arrears on its senior preference shares series 1 and 2 in March. The former Reichmann-controlled company raised C\$300m in new equity Robert Gibbens, Montrea

Foster's winemaker offer backed Directors of Mildara Blass, the Australian winemaker facing a

A\$482m (US\$359.9m) takeover offer from Foster's Brewing Group, yesterday recommended acceptance of the deal. However, they advised shareholders to "consider timing of their acceptance to allow for any more favourable offer to emerge"

ier has so far not come forward and man' analysts think the Foster's deal is now a fait accompli. Mildara shares were unchanged at A\$7.60 yesterday, slightly below the A\$7.75 Poster's is offering.

Daiichi to take stake in Brashs

Dalichi, one of Japan's largest consumer electronics retailers. is taking a 49 per cent stake in Brashs, the Australian electronics chain, for around A\$11m (US\$8.2m). Once the sale, subject to approval under Australia's foreign investment rules,

is completed, Brashs' owners plan a rights issue. in 1994, financial problems at Brashs led to the appointment of administrators. However, Singapore-based Hotel Properties, whose interests include the Asian Hard Rock Cafe franchises. acquired the group. If the Japanese deal goes ahead, Hotel Properties would continue to hold a 45.9 per cent interest in the Australian retailer, while Rizona, a private Hong Kong-based group headed by Mr B. S. Ong, Hotel Properties's managing director, would own the remainder.

Nikki Tait, Sydney

the same company's generator - has cost Cepa US\$100m in where it appears that a power developments. Venezuelan group faces restructuring

Corimon, the industrial and paints group and the only Venezuelan company listed on the New York Stock Exchange. is facing "cash flow problems' and a restructuring that "contemplates, among other things, the sale of foreign

from Caracas. the Caracas stock exchange,

affiliates and the strengthening of the companies in Venezuela", Reuter reports

According to a release from the company said: "Due to

cash-flow problems, the company is currently engaged in a process of renegotiating with credit banks and some important holders of commercial papers, in order to reach an agreement to restructure its

Trading of Corimon shares was suspended late on Wednesday after prices fell sharply. The shares resumed trading Thursday and were unchanged at Bs17.50 in early

The sharp drop in Corimon's share price on Wednesday followed reports from Argentina that Corimon was considering the sale of its controlling interest in paints company Colorin after posting

disappointing results. It was also hit by the announcement that its majority-owned US subsidiary Standard Brands Paint had filed for Chapter 11 protection under US bankruptcy laws.

profit of Bs964m (\$2.1m) in the six months to September 30. compared with a Bs2.98bn loss a year earlier. The improved results were

attributed partly to increased sales through its Latin American subsidiaries. Corimon, which concentrates

on paint, foods and packaging, has sold several non-core operations in the last few years, including the recent sale of drinks manufacturer Frica Corimon reported a net to Italy's Parmalat.

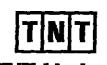
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control to close from the Jupanese Tax
Authorities any meand to which he is prefitted. HOLDERS OF BEARER DEPOSITARY RECEIPTS (B.D.R. t) wishing to defin this division should present Coupan No. 58 at the

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10 Fleet Place, London EC4M 7RH.

U.S. \$100,000,000



TNT Limited Subordinated Floating Rate

Interest Rate Interest Period

6.09219% per annum 12th January 1996 12th July 1996

Notes Due 1996

Interest Amount per U.S. \$100,000 Note due 12th July 1996

U.S. \$3,079.94



CS FIRST BOSTON



U.S. \$200,000,000

American Express Bank Ltd. Floating Rate Subordinated Capital Notes Due 1999

Notice is heraby given that for the Interest Period 16th January, 1996 to 16th April, 1996 the Notes will beer interest at the rate of 5%% per arrurn. The interest payable on 16th April, 1996 against Courpon No. 36 will be U.S. \$14.55 per U.S. \$10,000 Norminal and U.S. \$3,633.68 per U.S. \$250,000 Norminal. DATED THIS 12TH DAY OF JANUARY, 1986.



Principal Paying Agent ROYAL BANK OF CANADA **EUROPE LIMITED**

Get-together foiled by cultural differences

isions of a mega-merger between the Chicago Board of Trade and the Chicago Mercantile Exchange this week faded almost as quickly as the idea was floated as long-standing rivalries, which include personal jealousies between the two exchange's sitting chairman, got in the Although a Chicago exchange merger

was backed by a high-level task force at the Chicago Board of Trade as a means of saving more than \$32m a year in a time of declining volumes, Mr Patrick Arbor, CBoT chairman, admitted that a merger, or any serious co-operative venture, would be very difficult to attain. Mr John "Jack" Sandner, long-time CME chairman, who is seeking re-election and can ill-afford the impression he has been dealing behind the backs of his members, said that while he was always willing to entertain cost-cutting measures, he did not think a merger was possible. "The different cultures and histories of the two markets, by themselves, would make any proposed

Ideas of a Chicago exchange merger have fallen at the first fence reports Laurie Morse

merger a daunting task, particularly in low interest rate volatility exists. Both the areas of seat prices and a gover-

nance structure," he said. Privately, CME executives said that CME members would not be receptive to a plan that would involve assuming \$181m in debt - a reference to the mortgage the CBoT holds to finance new trading floor construction. The CME expanded its trading facility three years

ago without assuming any debt.
"There hasn't been anything you could call a formal discussion, and there aren't any plans for discussion," said Mr William Crawford of the CME. "Jack and Pat may have said something casually to each other at a social event, but nothing that could be taken seriously.

In fact, both exchanges are facing budget crunches if the current economic environment of low inflation and

markets derive more than half their operating income from debt futures and options trading, but volume in these pits faded as last year ended. The CME saw a 37 per cent drop in turnover in its interest rate futures and options sector

in December. The prospect of a balanced US budget, and perhaps a budget surplus dur-ing the next decade, has prompted both exchanges to seek other sources of income, and means of cutting costs. Both are seeking to exploit deriva-

tives growth in emerging markets, particularly Latin America. Rather than co-operate in these ventures, they are pursuing different strategies, with the CBoT seeking to encourage the devel-opment of domestic futures markets in countries like Mexico and Argentina, while the CME will attempt to offer

Latin American financial derivatives on its Chicago trading floor. Member firms have become impatient at having to make dual investments in such ven-

Mr Alexander Lamb, general manager for the Chicago office of Fimat, a global futures firm, said: "From our point of view operationally it would make a lot of sense to have one exchange in Chicago. Particularly for clearing, it would be better to have similar rules, similar financial systems." As for the dividing rivalries, Mr Lamb

said: "The individual exchanges have shown they have a lot of strength. Its just that down the road, as the business gets more difficult, they could benefit from a combined strength." Seat prices at Chicago's two big

futures exchanges have begun to recover, after tumbling in the fourth quarter of last year as volumes waned and brokerage firms consolidated. Prices on CBoT ranged from a high of \$710,000 to \$525,000 in 1995, and on CME

Acquisitions planned in personal finance with flotation in 1997

Woolwich to become a bank

progress were in line with recent perfor-

The argument between the two sides

tax recovery following the disposal to

Whithread. Buying the shares at the mini-mum planned level of 330p would cost 373p

By Alison Smith. Investment Correspondent

Woolwich Building Society, the UK's third largest, plans to become a bank and to use its new status as a public limited company to make acquisitions. The flotation, due to take place in late 1997, should mean

If it followed the pattern of share distribution schemes adopted in similar deals, it would mean a basic bonus worth a few hundred pounds to all qualifying members. The

Forte yesterday spelt out how it could achieve a 20 per cent dividend increase for

each of the next three years, and insisted

that its proposed 2800m share buy-back plan would enhance earnings.

It rejected Granada's doubts on the sus-

tainability of the dividend increase.

Forte said that savings of £24m would

take effect as soon as its roadside restau-

rants were sold to Whitbread. To cover the

promised dividend twice, the new hotels

company would need to raise pro-forma

argued, given a 9 per cent rise in annual

This was clearly achievable, Forte

profits for 1996-97 from £200m to £248m.

the distribution of free shares

to up to 3.5m qualifying savers

probably those with accounts open at December 31 1994 according to the balances in

Woolwich is the latest in a string of building societies which have concluded over the past couple of years that remaining as mutual organisations, owned by their savers and borrowers, is too constricting given the increasing competition and consolidation in retail financial services. Halifax, the UK's largest

building society, plans to become a bank within the next year or so, while the purchase by Abbey National of National

longer-standing investors - & Provincial, the seventh largest society, is due to take effect in the summer.

Like Halifax, Woolwich emphasised that it did not intend to become like the high street clearing banks, but to maintain its focus on personal financial services.

Alliance & Leicester, the fourth largest society, has not yet announced that it will float but is widely expected to do so within the next month.

With an estimated market capitalisation of £2.5bn to £3bn (\$4.6bn) at today's prices, Woolwich would be significantly smaller as a pic than Abbey

Once floated, it will be protected from hostile takeover for a five-year period, but could be vulnerable to a predator intervening in its plans between now and when the deal is put to its members for approval, in spring next year. Mr Peter Robinson, Wool-

wich chief executive, said that the society would look at acquisitions to increase its presence in the life assurance, general insurance and unit trust markets. He added that purchases might not need to wait until after flotation.

"We have more than enough capital to pursue acquisitions up to conversion," he said.

Forte defends 20% dividend promises reduce earnings by 17.5p for each share repurchased – anything above that would

be earnings enhancing.

over the £800m share buy-back plan is a This hurdle does not look too difficult to clear. Forecasts for 1996-97 profits are key to the delate over the valuation of Forte. It should be earnings enhancing in around £245m, giving earnings of about order to proceed, yet several analysts believe it will at best be neutral. At the simplest level, the cost of repurchasing 201m shares would be £750m after

However, the argument is complicated by Forte's effective tax rate, which is only 22 per cent after allowances for capital iditure. The lower the tax rate, the less likely the buy-back is to be earnings enhancing. Interest costs are tax deductible, therefore the higher the rate the lower the effective financing cost.
Further, Forte is paying interest of 8 per

total: £1.1bn

Platinum £0,4bn

100

Signet disposals could encourage Ratner comeback

The prospect of a comeback by Mr Gerald Ratner to the jewellery business that once bore his name emerged yesterday as Signet, the UK's biggest jewel-ler, said it was inviting offers for its UK jewellery chains.

Ratners, renamed Signet in 1993, came close to collapse after over-expansion in the late 1980s, and falling sales exacerbated by Mr Ratner's infamous comment in 1991 that one of his products was "crap".

It has staged a partial recovery under new management, but still has bank borrowings of £350m, and has been under pressure for a break-up or financial reconstruction from rebel preference shareholders owed £100m in unpaid divi-

Mr James McAdam, Signet's chairman, said yesterday good Christmas sales figures - with group like-for-like sales up 6 per cent in the eight weeks to Christmas Eve - had persuaded Signet it could realise value by selling its UK chains, Ernest Jones and H Samuel, which account for 40 per cent of group turnover. That would allow it to reduce borrowings and interest charges and con-

business, Sterling, accounting for 60 per cent of turnover. However, Signet would only sell "at the right price" and with shareholders' approval.

Although Mr Ratner was not available for comment yesterday, he is known to be talking to potential backers, including jewellery suppliers and venture capitalists, about putting together a bid for H Samuel, the more mass-market of the two chains

Analysts were sceptical about whether Mr Ratner would be able to assemble hacking. But there are several other potential bidders.

Mr Jurek Piasecki, chairman of Goldsmiths, the upmarket jeweller, is understood to have venture capital backing for bids of about £65m-£70m for Ernest Jones, or £250m for both chains. He confirmed yesterday his advisers were con-

tacting Signet. Argos, the cash-rich cata-logue retailer which has about 10 per cent of the UK jewellery market, may also be interested, although a bid for both chains could run into monopoly problems. Analysts believe a bidding battle could push the price for both chains to about £300m - or slightly more if they

Nearly four years after he took over as chief executive, Mr Liam Strong's re-organisation of Sears, the UK FT-SEA All-Share index retailing |conglomerate, is 1204 still in progress. Having taken the spluttering engine apart, he is having difficulty getting all the parts to fit together again. The decision to sell the Saxone and Curtess shoe stores, two of the bits left lying on the floor, looks like a lastditch attempt to bring the troubled shoes division under control. Mr Strong argues that by putting some of these stores under

Share price relative to the

7.5

15

Sears' newer Shoe Express and Shoe City brands, he has transformed the business cheaply - a view that carries some

However the whole exercise could surely have been carried out more quickly. Even now, any improvement is unlikely to be felt until the second half of 1996. Further cost-cutting, by outsourcing logistics, also smacks of growing desperation; again, the benefits will take time to come through. Management credibility has taken a hit as a result of the

latest dose of bad news in yesterday's trading statement. The resilience of the shares in the face of another round of profit downgrades suggests that the market is still banking on a

However even after these changes, there is a danger that Sears' portfolio of businesses will continue to stretch management talent too thin. If the hoped-for recovery does not materialise over the next year, time is likely to run out for the

At current interest rates of 7 per cent and with UK tax at 33 per cent, the cost of sales and a conversion rate for new sales funding would be 4.7 per cent. This would into profits of 55 per cent. These rates of Radical reshaping aimed at closing valuation gap

Dieter Bock believes Lonrho's assets will be worth more if divided, **David Wighton** reports

or the first two years joined the board of Lonrho at the end of 1992, it was his battle with the conglomerate's architect, Mr Tiny Rowland, that grabbed the head-

But following Mr Rowland's ousting last year, Mr Bock has been able to turn his attention to reshaping the group. The first important move came last June when Lonrho announced the proposed merger of its plat-inum interests with those of South Africa's Gencor.

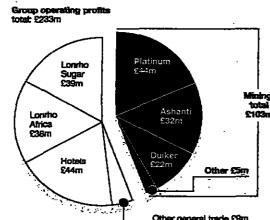
That paved the way for yesterday's more radical plan to demerge all Lonrho's mining assets into a separate company. And Mr Bock made clear that this was just a "first step" in his efforts to realise the value tied up in the rambling

Mr Bock's aim is the same as the string of companies which have joined the demerger bandwagon in the past few years. He believes that the stock market will value Lonrho's assets more highly if they are divided into separate, more focused companies.

For Lonrho, the supposed undervaluation of the current group is more obvious than most. Most analysts estimate the value of Lonrho's assets at more than 240p per share. Even after the recent strong run, the shares, up 5½p to 192½p yesterday, still stand on a discount of about 20 per cent.

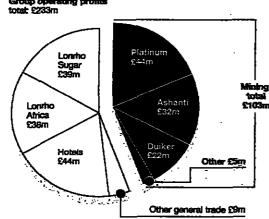
PROFIT UP

Mining interests at Lonrho



close the gap further. The asset value of the minof stakes in other quoted companies. The largest are Lon-rho's 41 per cent stake in Ashanti Goldfields of Ghana, worth about £460m, and the

platinum interests. Under the terms of the Gencor merger Lonrho will receive 32 per cent of a new company formed by the injection of its interests into Gencor's quoted Impala. Based on Impala's current share price, Lonrho's stake would be worth around £400m. It also has a Mr Bock, who has an 18.6 per majority stake in Duiker, a



cent stake, is determined to South African coal mining group, valued at around £170m and half a dozen gold mines in ing interests is fairly easy to Zimbabwe. These saw profits determine, since most consist slip to £5m (£9m) last year because production, which requires large quantities of water, was affected by drought. But analysts believe the mines are worth significantly more than their book value of just

The mining company will RESULTS

also include a number of promising development projects in the former Soviet Union. Analysts estimate that these

should push the value of the mining companies to between £1.1bn and £1.2bn. The platinum interests cur-

rently carry about £60m of expensive South African debt which led to interest charges of \$20m last year - but these will be absorbed into the new joint venture and will leave the mining company's balance sheet. It is thought that relatively little of Lonrho's remaining £470m of debt would be shifted into the mining company, leaving its asset value at perhaps £1.1bn.

Less clear is how the market will treat the new company. If it is viewed as a mining finance house - the equivalent of an investment trust holding shares in operating mining

companies - its shares would be expected to trade at a discount to net assets. But Lonrho says that it has management trade at a premium.

control of all the companies and insists the shares should In the period under review, the mining interests, excluding exceptional items and minorities, increased post-tax profits

to £62m (£57m) on the back of increased production and improved platinum and palladium prices. These were partly offset by lower rhodium prices and higher operating costs at Ashanti and in Zimbabwe. Profits at Duiker rose £9m to a record £22m.

Elsewhere in the group, Lonrho's hotels turned in profits up 57 per cent to fA4m, despite a downturn in the African hotels. Mr Bock said Lonrho was in no hurry to sell, float or demerge the hotels because of their strongly improving profits, though some analysts suggested that the Libyan minority holding in the Metropole chain may have complicated Lonrho's plans.

The total non-mining companies made £121m last year and analysts estimate that, even if they bore all the group debt, interest cover next year would be close to three times. The group interest bill rose to 266m (£57m) last year.

Pre-tax profits rose to £161m (£112m) after an exceptional credit of £10m (£4m). This included a provision of £11m against Lonrho's move out of its Cheapside House headquarters in the City and a £17m loss on the sale of the Brentfords textile retail business, offset by a £34m release of provisions against the investment in Hondo Oil & Gas.

DIGEST

Sears announces disposal plans

Sears, the UK's biggest specialist retailing chain, announced disposal plans for more than 1,000 retail stores and concessions in the UK and the Netherlands, after its poor performance last year and disappointing Christmas sale British Shoe, the footwear division which has already been extensively rationalised since Mr Liam Strong arrived as group chief executive in 1992, will bear the brunt of the

disposals, after like-for-like sales fell 10.9 per cent in the six weeks to January 6, and 11.7 per cent over the second half. The Saxone and Curtess chains, together with smaller footwear concessions in other retailers, will be closed or disposed of - totalling about 575 outlets. The outlets together employ about 2,800 people, but Mr Strong said wherever possible stores would be sold as ongoing businesses. Sears is making a provision of £30m to cover costs, but said

trading profits should improve by about £8m a year by 1997. The 170-store Millets leisure wear chain, and 350-outlet Sears

Retail Group (Holland) are also to be sold. Sears is outsourcing information technology and accounting ons to Andersen Consulting, involving transfer of 900 staff, in a contract worth £344.5m over 10 years. It is also reorganising logistics and distribution into two large warehouses, serving its Freemans mail order and other retail businesses. Reorganisation costs will be about £35m, but annual savings of £20m to £25m are expected by 2000.

Best results for 4 years at GGT

GGT Group, the advertising and marketing services group formerly known as Gold Greenlees Trott, yesterday reported pre-tax profits up 10 per cent from £2.66m to £2.91m (\$4.5m) in the six months to October 31. Mr Michael Greenlees, chairman and chief executive, said the results represented the best pre-tax profits performance in four years.

The US companies performed strongly, benefiting, in particular, from the recent CompuServe account win, said Mr Greenlees. In continental Europe, the group invested in a Paris-based agency merging it with its existing operation in the market. A small loss, in line with expections, was incurred in the first half.

AIM float values IOC at £20m

Integrated Optical Components, which makes novel electronic devices to drive the information superhighway, plans to johr the Alternative Investment Market through a placing likely to value it at about £20m (\$31m). The flotation is likely to happen at the end of February, with Henry Cooke Lumsden acting as broker. New shares will be issued representing some 30 per cent of the enlarged company.

SB set to simplify healthcare

SmithKline Beecham, the UK's second biggest pharmaceuticals company, is to merge its various service businesses into a single division.

The new division, called Healthcare Services, brings together four units. They are diversified pharmaceuticals services, the drugs distributor bought last year for \$2.3bn; clinical laboratories,

which provides lab services but has been one of the worst performing divisions for some years; diversified prescription delivery, a mail order business; the recently-formed disease management group.

Dr Tadataka Yamada, chairman of the department of

internal medicine at the University of Michigan Medical Centre, will become president of Healthcare Services.

Daniel Green

buildings were acquired at Solihull and at Fleet. Further lettings were achieved in the U.K. Revenue profit before tax up from £6.6 million

INCREASED DIVIDEND

Profit available to ordinary shareholders up by 16% to £5.4 million.

Interim Report

The Company's main activities of investment in

property and securities showed continued

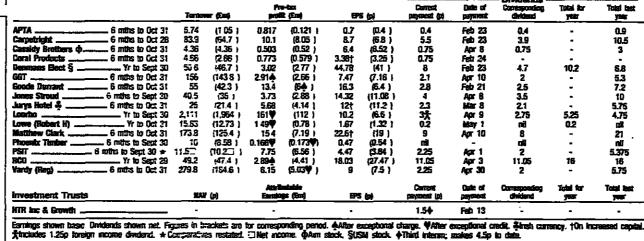
improvement. Industrial property at Tyne Tunnel was sold to rationalise the portfolio. Modern office

- Earnings per share increased from 3.8p to 4.5p.
- Interim dividend increased from 2.0p to 2.25p. ■ No administrative, finance or other costs
- All interest written off against revenue.

months en	ded 30 Sept	tember			
2'0003	1995	1994			
Investment property rents					
Revenue profit before tax					
rdinary					
shareholders					
Ordinary dividends					
	2000's reuts re tax	reuts 12,192 re tax 7,526			

Copies of the full statement may be obtained from G. H. Caines Esq., Managing Director, PSIT pic, Fetcham Park House, Lower Road, Fetcham, Surrey, KT22 9HD.

The state of the s



The Financial Times plans

Franchising

to publish a Survey on

on Tuesday, March 5th.

This survey will focus on areas such as research for potential franchises, explores sources of funding available and highlights the specialist help available.

For more information, please contact

Lesley Sumner Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064

FT Surveys

Notice to the Holders of **BRADFORD & BINGLEY BUILDING SOCIETY** £100,000,000 Floating Rate Notes Due 1998

(the "Notes") NOTICE IS HEREBY GIVEN that, pursuant to condition 5(c) of the Terms and Conditions of the Notes, the Instens will, at the option of any holder of Note(s) (a "Noteholder"), redeem any Note held by such Noteholder on 15th April, 1996 at its principal amount. Following the redemption of any such Note(s), all unmatured Compons apperturing thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Note(s), all unmatured Compons appertaining thereo (whether or not attached) shall become void and no payment shall be usede in respect thereof. To exercise such option, a Noteholder must deposit the Note(s) to be recemend (together with Coupon Nos. R41 to 48 inclusive appertaining thereto) at the specified office of any Paying Agent at any time in the period from and including 15th February, 1996 to and including 1st March. 1996. Any Note so deposited may not be withdrawn without the prior written consent of the Issuer. Payment of the interest due on 15th April, 1996 in respect of each Note so deposited will be made against presentation and surrouder of Coupon No. R40 appertaining thereto at the specified office of any of the Paying Agents on or either 15th April, 1996 in accordance with the Terms and Conditions of the Note(s).

Any Noteholder surrendering Note(s) as aforesaid shall continue (subject to the above) to have the rights of a Noteholder in respect of such Note(s) from the

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41 Tower Hill Other Paying Agents

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issued by BRADFORD & BINGLEY BUILDING SOCIETY

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صكذا من الاصل

COMMODITIES AND AGRICULTURE

US feed grain estimates expected to be cut further

Grain traders are expecting the US Department of Agriculture to reduce further its estimate of last season's US maize and soyabean production when it releases its final feedgrains crop estimate for 1995 next week. The crop report, initially scheduled for release yesterday, has been delayed until Tuesday morning because of the snowstorm that shut down Washington this week.

Although the revisions in final feed grain production estimates are expected to be small - reductions of about 10m bushels each for maize and soyabeans - analysts say that strong export and domestic feed demand could combine to whittle down wafer-thin ending stocks even further.

In its December crop esti-

bushels, and end-of-year carryover stocks at 617m. Soya production was estimated at 2.185bn bushels, with ending stocks at 215m bushels. Analysts are expecting maize production to drop to about 7.363bn bushels in Tuesday's report, and soya production to

maize production at 7.374bn

The US produces the largest maize and soyabean crops in the world

Even if the USDA revises production figures upward unexpectedly, analysts say the demand picture will keep end-ing stock figures at historically low levels, and continue to support prices. "We're seeing a strong early-season export pace [for feedgrains] and domestic feed use is not diminishing." says Dean Witter grain market In its December crop esti-mate, the agency out 1995 US if there are higher production

figures, the carryout won't

highs, US hog and cattle counts released last month are not yet responding to herds - a rationing process grain traders say is necessary to balance this year's tight sup-

futures to \$4 [a bushel] to trig-

Mexican coffee hit by freeze

coffee-growing states of Puebla and Veracruz, according to an official of the the country's Confederation of Coffee Producers, reports Reuters from

growers of a freeze are true," said Mr Alfredo Moises Ceja, a member of the confederation's national executive committee. "It appears as if there have been two nights of freeze."

Mr Moises Ceja said producers were unable to provide an accurate estimate of the damage. Initial reports were that 20-30 per cent of coffee trees were damaged by the cold.

"We need to take the time to evaluate the damage. The effect, of course, is more pronounced during the next cycle [1996-1997] than the current one [1995-1996], but it will add to trouble we have had this vear." he said.

Puebla and Veracruz are Mexico's second and third largest coffee-producing states. Jesus Pina Gonzalez, a member of the Association of Puebla Coffee Producers, said his coffee farm registered temperatures below freezing early on Thursday as well as early on Wednesday. "Our situation is very serious," he said. "Many of the leaves on my trees are brown and there is clear evidence of damage."

"Gold is a critical part of the SFE's plans to become a regional commodity trading centre. Australia has a long history in the mining, development and export of gold and a gold futures contract provides a natural price risk management mechanism to manage price moves," commented Mr

increase". Although maize and soyabean prices are near 15-year show that livestock producers higher grain prices by cutting

ply and demand situation. "The US is producing record meat supplies," says Mr Chuck Levitt, senior livestock analyst for Alaron Research, a Chicago-based brokerage. "We won't begin to see herd liquidation unless the market continues to maintain feed costs where they're at, or at higher levels. Right now cattle and hog producers are just breaking even. It might take a raily in maize

Pakistan faces dilemma over farm taxation

Aid donors want an end to agriculture's privileged treatment, writes Farhan Bokhari

Pakistan is under pres-sure from its international donors to tax the politically powerful landowners who remain exempted from income taxes. They are worried about a worsening resource crunch caused by increasing expenditure on servicing the national debt and maintaining a large defence force.

A US\$600m loan agreement signed with the IMF in December may force the government to increase further collections from a two year old "wealth tax" imposed by former prime minister, Mr Moeen Qureshi, senior officials say. Under the terms of the loan, Pakistan has agreed to raise the value of each "produce index unit", or PIU, by 60 per cent, from Rs250 (\$7.30) to Rs400, by the next annual budget, due to be announced in June, officials

Under Pakistan's revenue collection system, the value of agricultural lands is assessed on the basis of PlUs. Farm owners with land worth more than Rsim are taxed under the wealth tax, which ranges from 0.5 per cent to 2.5 per cent of the value of the asset, depending upon the tax payers' entire

Pakistani officials expect the is generally favoured by busi-

new move to improve the gov- nessmen, industrialists and ernment's embarrassingly low collections during the tax's first year of enforcement, from July 1994 to June 95. During those 12 months, only Rs2.5m sum of Rs300,000 from prime minister Benazir Bhutto's

urban-based intellectuals who say that such a move is essential to establish the principle of equity for all wealth-generating groups. Concerns also conwas collected. That included a tinue over the ways in which taxes are evaded by many businessmen who also own agricul-

It is estimated that two-thirds of the members of the federal and provincial legislatures represent rich feudal landowners

ranks second to the Puniab among Pakistan's four provinces in terms of its total agricultural production. Mr V.A. Jafarey, the prime minister's adviser on finance. who negotiated the recent agreement with the IMF, refuses to confirm Pakistan's acceptance of the increase in the wealth tax, but says: "I cannot tell you what is in the agreement but international institutions for long have favoured taxation on the agriculture sector".

home province of Sindh, which

The move to tax landowners

tural land. Many of them try to show their business income under the head of agricultural income to avoid paying taxes, senior officials say. Mr Fasihuddin, a former

chief economist of the government's national planning commission in Islamabad says: "The issue is not whether tax should apply on agriculture or industry, but that if someone is getting an income which is the same as someone else who is paying tax, then that person ought to be taxed".

Taxing the agricultural sector remains a very difficult issue, however.

According to some estimates. over two-thirds of the members of parliament in Islamabad and at the legislatures of the counuy's four provinces, represent rich feudal landowners, who in the past, have tried to block moves towards more taxation for the agricultural sector.

While the government wants to increase the wealth tax. there is little that it can do to impose an income tax on the farming sector. Under Pakistan's constitution of 1973, only the four provinces, where landowners have stronger influence than in Islamabad, are allowed to introduce such an income tax. And it is not clear if the provinces are ready to make such changes in the near future to help the central government to improve its reve-

Moreover, many farm owners argue that the debate over agriculture taxation does not take account of the indirect local taxes that they already pay in the rural areas such as municipal collections on movements of grain from one district to another. Finally, they argue that in a country where the urban taxation system is notorious for its corruption, the rural areas will be exposed to abuse by tax officials, once

they are brought under a similar system of collection. In view of the counter arguments from landowners, and their previous resistance to new taxes, many experts remain sceptical of the government's ability to press ahead. Mr Akmal Hussain, a renowned Pakistani economist who has done part of his research on the relationship between feudal landowners

and the state argues: "The

present situation is one where

landowners dominate both par-

ties (the ruling party and the

opposition) and the parliament.

its not possible to introduce such an income tax". But senior officials in Islama bad say that the country's choices are becoming narrower in view of its needs for external borrowings and the fact that donors are insisting on

expansion of the tax net. Mr Fasihuddin is convinced that the government's is preparedness to take on the agri-cultural lobby while also putting to rest the fears of farm owners of abuse of a new system by tax officials "is basi-cally a question of will".

"The principle of equity has to be appreciated and applied in a judicious manner." he

A freeze has hit Mexico's

Mexico City.
"The reports from some

Revival planned for Sydney gold futures

By Nikki Talt in Sydney

The Sydney Futures Exchange yesterday announced plans to trade gold, silver and copper futures contracts within the next three months, through its new electronic trading link to the Comex division of the New York Mercantile Exchange. The contracts will be traded

simultaneously on the

COMMODITIES PRICES

BASE METALS

Nymex's Access and the SFE's Sycom computerised trading

The SFE ran gold contracts in the 1970s and 1980s, but trading ground to halt in the late-1980s amid lacklustre prices. The reintroduction follows the recent upturn in gold prices, and also fits in with the SFE's plans to expand its range of commodity futures.

Precious Metals continued

Les Hosking, the SFE's chief

GRAINS AND OIL SEEDS

Russia's days as aluminium exporter 'may be numbered'

By Kenneth Gooding Mining Correspondent

international competitiveness of Russia's aluminium smelters is worsening, analysts suggest, and this could have a big impact on their future exports. "Russia's competitiveness

has already worsened in the last few months. In the long run the entire Russian aluminium industry will become a last-gasp industry," suggests Mr Tony Bird of the Anthony Bird Associates consultancy. "The Russians are not likely to close it all down, in the way that the Japanese did to their aluminium industry 15 years ago. But they will probably

SOFTS

find that rising costs force them out of world markets completely. Russia's days as an aluminium exporter could be numbered," he says in Bird's latest annual review of alumin-

The CRU International con-

ium production costs.

sultancy also warns that "the average Russian aluminium smelter is making no profit and the higher cost smelters must be losing money. These include the two smelters in the Urals - Volgograd and Vokhov". However, the four big smelters in Siberia (Bratsk, Krasnoyarsk, Irkutsk and Sayansk) remain "marginally profitable" because they still have power tariffs that give them some competitive advantage

compared with western smelt-

In its latest CIS Metals Review, CRU estimates that the weighted average operating cost at all Russian smelters is US\$1,580 a tonne. When taxes amounting to 17 per cent of turnover are added, becomes easier to believe that some smelters are losing up to \$300 a tonne on exports. They survive by paying their power bills late or only in part, so the power suppliers are effectively financing loss-making smelt-

CRU says the main question for 1996 is whether the western trading organisations that have been supplying the Russian smelters with alumina

MEAT AND LIVESTOCK

(aluminium oxide), their essential raw material, and taking aluminium in return, will renew these tolling contracts. "The smelters would probably accept unprofitable contracts rather than reduce output drastically. But traders may find that there is no profit margin for them at current metal

and transport prices."

If there is a sharp reduction in toll smelting, it is unlikely that the Russian smelters will be able to buy more alumina to sustain output, the CRU argues. And "even a modest reduction in smelter production would have an impact on the world market". CRU points out that any surge in the price would make tolling possible

again, "so the problem could correct itself after an interval". The Bird report suggests that operating costs in Russia in mid-1995 were US\$1,495 a tonne. That compared with average costs in the west of \$1,291. Bird shows Canada as the lowest-cost aluminium producer with production costs averaging \$1,120 a tonne, followed by Australia, \$1,154 and France, \$1,232.

Aluminium Production Costs 1995: (four volumes) \$4.600 from Bird Associates, 193, Richmond Road, Kingston upon Thames, Surrey KT2 5DD, UK. CIS Metals Review: (quarterly) £650 a year from CRU, 40

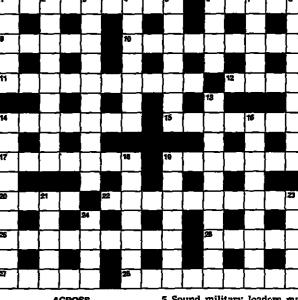
Mount Pleasant, London WC1X

JOTTER PAD

OAE. UK.

CROSSWORD

No.8,965 Set by VIXEN



1 Used to keep a painter off

ate friction (5)

9 Dig – get back say brownish
(5)

7 The beast making money (5)

8 A short light piece of music

a mere trifle (9) (5) a mere (1100 to 13)

10 Having warm feelings about a 13 Keeps wet as required in the 11 Exceptionally pretty 6 down seen in the Highlands (10)

12 Stop holding the novice to be 14 Push a number into a sailing

17 Obvious discomposure of the 21 A move up (5) 19 Control before division! (7) 20 Cereal food for the new foal

22 Rating as simpletons men in the street (10) 25 Bury viewed return essential for political prisoners (9) 26 Not taken into account for a

27 Plant in a gro-bag or set in a large pot (5)
28 A fellow plaguing people in high places (9) DOWN Lacking dash (5)

2 Two-timing should be beneath an employee (9) 3 Dubiously accepts the French can produce glasses (10)

5 Sound military leaders may appear nuts! (7) 6 Bearing on wood that's just for decoration (4)

pool (10) 14 Sensational article about running water (9) 16 The migrant worker's object

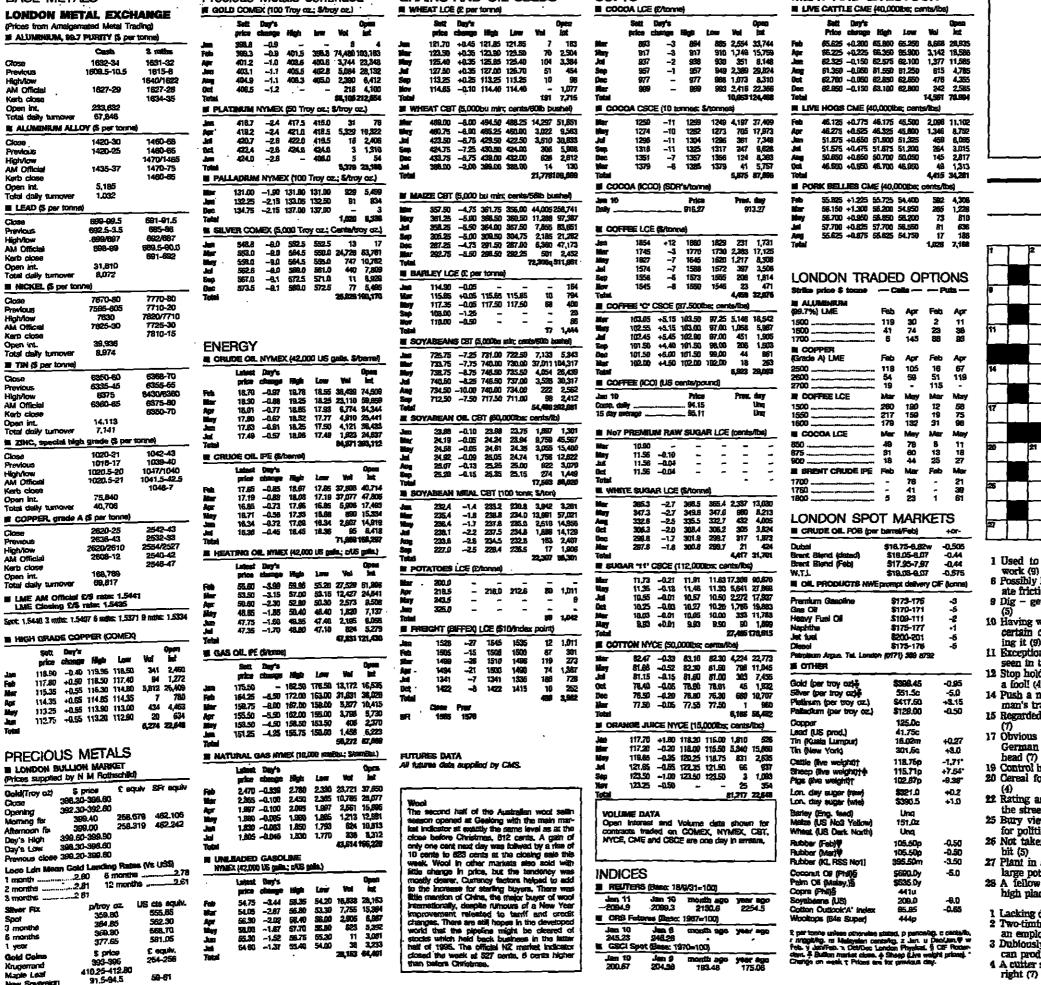
in a rent arrangement (9) 18 States page in school is not to be trusted (7) 19 An individual flattening

tion! (7) German sent back by the 23 Coachwork is his speciality 24 Revolutionary leader in

charge, totally unrestrained

Solution 8,964

NONSTICK CALLUP
E E H A M A E
WEAPONRY ABUSES
U B B A H U S T
SATIN WHALEBONE
H H A L S R
MIDDAY ORIFICE
F N A D H D
LEGATEE EREAGH
U E L B O C
PRESSGANG SUGAR
P R T N O E N A
ARARAT ENORMITY
N T M I V T O
TROUPE CAREWORN



Europe continues to lead the way despite rebound in US

and Martin Brice and Richard Lapper in London

The US market yesterday recovered some of the ground it has lost this week but at the London close European markets had again outperformed. continuing the recent trend.

Amid continuing wrangles over the US budget, there are increasing expectations that German bonds will soon be trading at a premium to the US market for the first time for more than six months.

■ US Treasury prices rebounded from two days of sharp losses yesterday as some investors bought up bonds at newly lower prices. Traders said, however, that Treasuries were likely to keep within a tight range of their levels of late Tuesday because of uncertainty about fiscal policy, and because bullishness in the German hund market was causing some flows out of

Near midday, the benchmark 80-year Treasury was 7 higher

at 109% to yield 6.155 per cent, Wednesday's sell-off, but that points to 9. Economic data while at the short end the twoyear note was ½ stronger at 100½, yielding 5.198 per cent.

The yield on the long bond had risen more than 2 basis points since the start of the year amid fears that President Bill Clinton and Republican Congressional leaders would

GOVERNMENT **BONDS**

not strike a deal to balance the federal budget.

In addition to causing uncertainty about fiscal policy, the stalemate over the budget also led to a partial closure of the government that stopped flow of official economic the

data. ~ Mr John Spinello, a government securities strategist at Merrill Lynch, said that the lack of economic data may have kept some investors out of the market, but he did not think it had a large overall effect on prices.

He said there had been some buying of Treasuries following as trading opened in New York some investors were using the price increases as selling opportunities so bonds would probably remain range-bound through the day.

There was some talk on the market of investors selling Treasuries in order to purchase bunds. Mr Leslie Nanberg, chief fixed-income officer at Massachusetts Financial Services, the US mutual fund company, said that MFS shifted between 5 and 8 per cent of its Global Government Bond Fund into bunds late last year.

He said he might continue to shift assets from the US to Europe because the US market appeared vulnerable to more uncertainty over fiscal policy and because Treasury borrowing was once again approaching the debt ceiling provoking renewed fears about a possible

■ German government bonds continued their strong perfor-mance and the yield spread over Treasuries in the 10-year sector narrowed from 13 basis

showed that gross domestic product rose by a real 1.9 per cent from a year earlier. against 2.9 per cent growth in 1994, according to preliminary figures from the Federal Statistics Office.

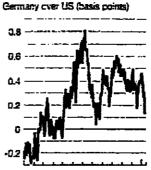
Mr David Brown, chief European economist at Bear Stearns said: "Germany is now technically in recession but the market has only recently woken up to the grim reality. He said 10-year bund yields would soon be trading through Treasuries, perhaps by between 25 and 50 basis points. "It should come as no shock,

but par will be an extremely strong resistance point. There is scope at the long end for bund outperformance because a balanced budget deal and more rate cuts are already well discounted in the US," said Mr Brown.

"Investors should start movng funds into Europe where the economic story is significantly clearer."
He thought the 10-year bund

yield could fall to 5.25 per cent

Yield spread



Source FT Exte day's closing level of 5.94 per

Mr John Hall, head of European economic research at SBC Warburg, expects a negative spread over the next month or so, with the US 10-year yield spread over Germany moving up to 40 basis points. Mr Tim Knowles, who man-

ages bond portfolios for Fleming Investment Management. reduced exposure to US Treasuries and increased exposure

markets in November and is maintaining these positions on expectation of further European outperformance.

The yield on benchmark twoyear paper tightened in by 7 basis points and that on 10year paper was unchanged. with the spread between the two maturities widening from 231 basis points to 238. On Liffe the March 10-year bund future closed at 100.02, up 0.06 on the

■ UK government bonds ended the day largely unchanged, with some traders reporting some switching from 10-year gilts to bunds. On Liffe the March long gilt future

closed at 110%, up 14.
The 10-year yield spread over Germany moved from 169 basis points to 170 points. The yield on benchmark two-year gilts fell by 4 basis points and that in the 10-year sector by 2, with the spread between the two maturities at 104 basis

points. Late in the session there was talk of strong figures in the

to the German and Dutch bond CBI distributive trades survey. due out today, but analysts believe political uncertainty will outweigh economic data for the rest of the

> ■ High-yielding markets benefited from the European rise. News of the resignation of Mr Lamberto Dini, the Italian prime minister, came too late to affect the market, which had experienced a particularly volatile day.

On Liffe the March contract closed up 0.14 at 109.86. The spread over Germany in the 10year sector tightened slightly in from 468 basis points to 466. The yield spread over Germany on Swedish 10-year bonds moved from 235 basis points to 233 points, and on Spanish bonds from 356 to 358.

■ The French markets initially lost ground amid disappointment over the Bank of France's inaction on interest rates. At Matif the March 10year future settled at 120.98, down 0.14, but later recovered in Globex trading.

Lending to developing world 'shows increase'

By Richard Lepper

Banks from the developed world increased their lending to developing countries in the first half of last year compared with the same period of 1994, according to figures released today by the Bank for Interna-

tional Settlements (BIS). Outstanding claims of banks reporting to the BIS (from the Group of Ten plus seven other developed countries) on the developing countries increased by \$25.6bn, compared with a rise of \$19.9bn in the same period of the previous year.

The report noted that banks short term claims - up to one year - rose as a percentage of total claims on developing countries, reflecting the growth of trade finance, increased reliance on local banking systems to channel funds, and continuing caution on the part of creditor banks.

The pattern of lending to developing countries varied sharply between regions, with consolidated claims on borrowers in Latin America falling by \$4.2bn, compared with a rise of \$3.8bn in the first half of 1994.

Outstanding claims on borrowers in Asia rose by \$33.7bn in the first six months, compared with a rise of \$15.6bn in the same period of 1994. Claims on eastern Europe rose by \$3bn, having fallen by \$3.8bn in the first half of 1994. The report said it was "too

early to say" whether the Mexican crisis had led to reorientation of lending away from Latin America, although there was "definite evidence" of greater lender selectivity in the granting of new loans.

The report said that greater dependence on short-term capital had entailed a more frequent reassessment of existing commitments by creditor

7.06

sates and a EXCHANGE - -

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--- Low coupon yield -- --- Medium coupon yield -- -- High coupon yield --Jan 11 Jan 10 Yr. ago Jan 11 Jan 10 Yr. ago Jan 11 Jan 10 Yr. ago

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7 02

Canadian issues maintain momentum

By Conner Middelmann

The eurobond market took a breather yesterday as issuance slowed from recent heavy volumes, but the Canadian dollar sector remained busy, absorbing, among others, a C\$1.25bn 10-year global bond for the Province of Ontario.

The bonds met with good demand from institutional investors around the world, especially in Europe, where more than 30 per cent of the

deal was placed. We were pleasantly surprised - we expected to sell about C\$250m into Europe but placed just over C\$400m, well beyond our expectations," said Mr Gadi Nayman, director of finance at the Ontario Financ-

ing Authority.

towards Ontario's C\$14bn borrowing requirement for 1996-97. Of that, C\$8bn will go towards financing the budget deficit and C\$6bn will pay for bond redemptions. That contrasts with a C\$10.6bn borrowing

requirement last year, which INTERNATIONAL

BONDS consisted of C\$8.7bn in deficit financing and C\$1.9bn in

redemption payments. Ontario's bonds were priced to yield 30 basis points over Canadian government bonds, which was widely deemed as fair, especially compared with the recent slew of tightlypriced, arbitrage-driven deals. According to one trader,

dian dollar issuers these days: Canadian names like Ontario or Saskatchewan, who do unswapped deals and can offer attractive pricing, or classic frequent eurobond borrowers doing swapped deals that are extremely tightly priced -often well through the govern-

ment curve". This is because swap spreads in the Canadian dollar market are extremely tight, he says: the three-year swap spread stood at a mere 2 basis points over government bonds yesterday, while the five-year spread was at 8 basis points.

The Nordic Investment Bank was an example of the latter type of issuer: it launched C\$100m of five-year bonds priced to yield flat on government bonds, and the spread

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109.80 109.41

80.0+ 80.0+

(LIFFE)" Lira 200m 100ths of 100%

109.52 109.50

10950 11000 11050

points after the bonds were freed to trade.

Still, lead manager Toronto Dominion Bank was confident the bonds would get placed with European retail investors, who will see heavy redemptions this year. After C\$7.2bn of redemptions last year, 1996 will see some C\$17bn of maturing bonds - a monthly average of C\$1.4bn.

Also driving Canadian dollar issuance has been the curren cy's recent strength and the Canadian government bond market's outperformance of US Treasuries, dealers said.

Elsewhere, General Motors Acceptance issued \$200m of three-year bonds priced to yield 32 basis points over Treasuries. Lead manager UBS said the deal saw good demand widened out by several basis from Swiss and German retail

PUTS

0.69

109.35 109.50

Apr 1,29

52702 162

2.50 2.77 3.06

1.63

Feb

0.33

110,34 109,60

Borrower	Amount m.	Сопрол %	Price	Meturity	Fees %	Spread bp	Book runner
US DOLLARS General Mits.Acceptance Corp.	200	5.625	99.72R	Jan.1999	0.225R	+32(5" 2%-981	UBS
D-MARKS Westphalische Hypo./ai	100	(21)	101 85	Jan.2001	2.00		DG Bank
LUXEMBOURG FRANCS BGL(Frankfurt Branch)(s)	2bn	6.00	102.35	Dec.2002	1.875		BGL
AUSTRALIAN DOLLARS Toronto Dominion Australia	100	7.25	100.15	Feb.1999	1.50	•	Hambros Bank
CANADIAN DOLLARS Province of Ontario Nordic Investment Bank(s)	1.25bn 100	7.50# 6.625	99.529R 99.15R	Jan.2006 Dec.2001	0.35A 0.25R		CIBC/Merrill/RBC Dominion Toronto Dominion Bank
PESETAS European Investment Bank	20bn	8.90	101.22	Feb.2001	1.625	-	Bco Santandor de Negocio
SOUTH AFRICAN RAND Deutsche Bank Finance	250	13.50	101.00	Jan. 1997	1 00	-	Doutsche Morgan Grenfelt
HONGKONG DOLLARS European Investment Bankibi	500	6.50	100.384R	Oct.2002	0.30Fl		HSBC Markets

investors for its outright yield pick-up over other recent paper, although the yield spread widened out slightly. After Austria's successful

Up to 5 years (22) 5-15 years (21)

FT-ACTUARIES FIXED INTEREST INDICES

Jan 11

Cay's

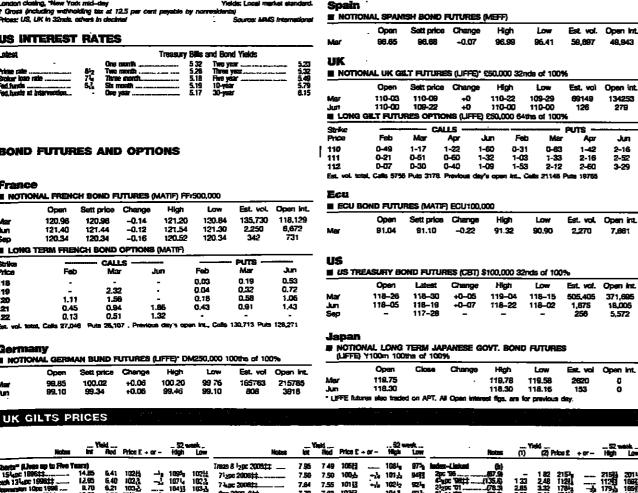
+0.04 +0.07

Wed Jan 10

DM2bn offering this week. the D-Mark sector is to see more 10-year supply with a DM1bn eurobond for L-Bank via CSFB

next week. Far Eastern investors, which were keen buvers of D-Mark paper this week, are expected to underpin L-Bank's offering, dealers said. and Deutsche Morgan Grenfell

	MARK	GOVE	RNME	NT BO	NDS			
			Red	D/	Day's		Week	
		Coupon	Date	Price	change	Yield	ago	BQO
Austrelia		10.000	02/06	112.2600		6.19	8.12	8.27
Austria		6.500	11/05	101.6400	-0.050	6.27	6.29	6.68
Belgium	-	6.500	03/05	99.8400	+0.000	6.52	6.54	6.74
Ceneda "		8.750	12/05	110.2500	-0.460	7.27	6.96	7.26
Denmark		8.000	03/06	108.3600	-0.080	7.10	7.12	7.34
France	DAT	7.750 7.750	04/00 10/05	107.3900	-0.360 -0.040	5.73 6.57	5.68 6.60	6.11 6.95
Germany B		6.500	10/05	104.0300	+0.070	5.94	5.95	6.23
reland	14.41	8.000	08/05	103.9000	TU.010	7.44	7.38	7.54
tely		10.500	09/05	101.0000	-0.090		10.33	11.18
lacer	No 129	5.400	03/00	118.2440	-0.060	1.71	1.84	1.28
oper.	No 174	4,600			-0.000	2.96	3.04	2.63
Netherlands		6.750	11/05	105.9600	+0.050	5.93	5.94	6.23
Portugal		11.875	02/05	113.2500	-0.030	9.62	9.61	10.29
Soakn		10.150	01/06	103.5100	-0.080	9.52	9.46	10.28
Sweden		6.000	02/05	85.8460	+0.170	8.28	B.23	8.74
JK Gilts		8.000	12/00	104-17	+2/32	6.89	6.85	6.95
		8.500	12/05	106-29	-	7.49	7.42	7.50
		9.000	10/08	110-31	+1/32	7.64	7.58	7.72
US Treesur	, • ·	5.875	11/05	100-20	-12/32	5.79	5.55	5.87
		6.875	08/25	109-17	-29/32	6.17	5.94	6.23
ECU (Frenc		7.500	04/05	104.3300	-0.230	6.85	6.86	7,17
London class		ck mid-day olding tax at	12 E a				ocel mer	et etender
		others in dec		en payers	uy nurresia		LOAS	Internation
					-			
US INT	EREST	RATE	S					
Latest			-	Treasury	Bills and I	Bond Yie	kds	
	-	One			5.32 Tw 5.26 Th	g year		52
rine rate		81 ₂ Ten 74 Ter	ABIORN .		5.28 Th	96 year		5.33
Broluw Ipan rai						8 yezr Yezr		5.4 5.7
ed funds					5.17 30			



E NOTE	MAL FREN	CHI BOND I	FUTURES	(MATIF) FF	1500,000			ECU								
	Open	Sett price	Change	e High	Low	Est. vol.	Open Int.	■ ECL	J BOND	FUTU	RES (M	ATTF) ECU:00	,000			
Mar	120.96	120.98	-0.14	121.20	120.84	135,730	118,129		0)pen	Sett p	orice Change	High	Low	Est. vol.	Open int.
Jun	121,40	121.44	-0.12	127.54	121.30		6,672	Mar	9	1.04	91.	10 -0.22	91.32	90.90	2.270	7.661
Sep	120.34	120.34	-0.16	120.52	120.34	342	731		_				• • • • •			
	TERM FRE	NCH BONE	OPTION	IS (MATTIF)				_								
Strike			us			- PUTS -		US								
Price	Fel	b M	or .	Jun	Feb	Mar	Jun	■ US:	TREASU	RY B	OND FL	JTURES (CBT)	\$100,000 3	2nds of 1	00%	
118	-		-	-	0.03	0.19	0.53		0	pen	Late	est Change	High	Low	Est. vcl.	Open int.
119		2.3		•	0.04	0.32	0.72	Mar		8-26	118-		119-04	118-15		371,695
120	1.1			1.86	0.18	0.58 0.91	1.06 1.43	Jun		8-05	118-		118-22	118-02		18.005
121	0.4 0.1			1.32	0.43	0.91	1.43	Sep	• • •		117-		-	- 10-02	258	5,572
122	U. I. Colls 27,0				- an in∟ Codes	130,713 Puts	128.271									
20L TO		-,						Japa								
Germ									E) Y100			JAPANESE (KOYI. BON	D FUTUR	ies	
■ NOTIC	NAL GERM	AN BUND	FUTURES	(TILLE), D	M250,000 1	100ths of 100	0%									
	Open	Sett price	Change	a High	`LO₩	Est. vol	Open int.			pen	Clo	se Change	High	Low	Est. voi	Open int.
Mar	99.85	100.02	+0.06	100.20	99 76	165763	215785	Mer		9.75			119,78	119.58	2620	0
Jun	99.10	99.34	+0.05	99.46	99.10	806	3918	Jun		8.30			118.30	118.16	153	0
•								. UHE		eo track	ed on Al	PT. All Open inte	rest figs. are	for previou	aday.	
	31 TO 10	DIOCC													7.0	
UK G	ILTS P	HICES	. •													-
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		Vield		_ 52 v	طعد			Vigiti		50	week			Yarki		_52 web _
	Hotes	int Ago	1 Price E →		Low		Notes lot	Red Price	2 + or -	High	Low	•	Hotes	rī) "(Z) Pi	rica£ +er-	High Low
	es up to Fire T	ears)			Trow	8 1 ₂ pc 300542	: 7.95	7 49 106	н	1084	97%	Index-Linked	(b)			_
15450 18		14.85 6.4	1 1028	-3 ₂ 1095 ₂		gc 2006##	7.50	7.50 100		101人	9493	2pc 76	(67.9a	- 182	215%	21523 2014
Feet 13400	1996##	1295 64		- <u>1</u> 1074	1022	pc 2008#:	7.64	7.55 101		1025	924	Cipc 98##	.(135.6) 1	33 248	112	1126 1086
Copyregation 1	10pc 1996 c 1997#\$	8.70 6.2 12.39 6.2	1 103 <u>2</u> 9 106¦3±1	104 <u>13</u> 109g		2002-6#		7 63 102		104	934	2129C '01	(78.3) 2. (78.8) 1.	85 3.32 05 3.41	1785 1785 1785 1185 1185 1185 1185 1185	179 185 185 1
Each 10/200		10.05 0.1		10533		11-3 pc 2003-7		7.41 12312				4500 TH#	E REEL	07 3.40	1158 -3	
Town Car 7)	pc 1997##	6.93 8.2		101 \	97,3 Treas	8 ¹ 20C 2007 ##		7.58 107		1082	9743	20c '06	(69.5) 3 (78.86 3	18 3.441 27 3.49	10 P	1845 1085 1845 1685 1687 1523 1773 1573 1428 1293 1525 1375 1461 1316 1221 1084
Trees 84pc	1997#	844 62 1311 63		104,	100% 131	ong 2004-8_	9.68	7 45 136	76+ 25	138,3	1264	2120C 11		27 348 33 152	淵文	1667 152 / 173 / 157 /
Each 1500 1	997		6 114개 9108년 6월	1774 1974	11430	Sec 2006 ±1	&11	7.63 111		1124	1016	21 ₂ pc 13	(89.2) 1	38 355	141	1423 129
93 ₄₀₀ 199 Trees 73 ₄ pc	1998±±	7,13 6.4	5 1013	102X	95. Treas	8ps 2009	7.78	7.67 102		10372	94	21 ₂ 5¢ '26		AJ 1591	50.2d - -	120 137
Trees 6Jkpc	1995-0611	674 6.6		+ 6 100 kg	9412	•			-			2 ¹ 200 2411	097,7) 3	46 3.67 17	20.23	146 1312 122 3 1094
Treas 15°20	6 '30 ‡‡	12.72 6.5 10.55 6.8		124 4	1303					•		41 ₈ 00 '30#		49 3611	165章 -美	120 1083
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Back 12 4/F	: T 999	10.59 6.7		1165 ₈	1111 000	Fifteen Years		776 86	1	0797	***	indexing (ie 8 m	nonths prior	to issue) a	nd have been	adjusted to
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Trees Spc 15	04pc 1999.	9.20 6.7		+33 98 ₁ 3 112 ¹ 4		9pe Ln 2011 ##		7.75 1113		11212	10133	149.8.		מנבו מיני	40 0 100	GIILLER 1352.
Cours abc 50		8.36 E.S		+1. 1083		9pc 2012##	8.08	7.76 111		112]}	102}					
Trees 130¢ 2	2000	10.55 6.8	8 123 4 m	1244	117 11644	5 ¹ 2pc 2008–12		7.50 614		8213	724					
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						pc 2012-15# .		7.81 99%		1014	9133					
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Fire to Fills	en Years				EXCIL	12pc 2013-17.	8.61	7.86 139	4	141년	127,	Asian Dev 104gc 2	1909 au	66 7.96	11843	119,1 108,1
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Toronto 11 la Di	: 2001—1	8.70 7.11		+ 119		oan 3½pc##	7.84	- 44		454		Looppool 3 ¹ 2pc int LCC 3pc '20 Aft,	d 11		40 ¹ 2	401 ₂ 33
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a Teri de	ock ## Tax-19	ge to nun-rea	edents on a	epplication. E						in pa-		C100 nominal of		-	122	139 11312
								huven a	~ 404411	1	-45 PG	ring louising of	Brock.			

6.97 7.69 7.78 6.98 7.70 7.79 8.66 8.57 8.54 7.00 7.73 7.81 7.09 7.82 7.88 8.90 8.91 8.64 123.07 150.12 166.24 0.12 5 yrs 0.00 15 yrs 1.02 20 yrs 0.00 kred.† 2.23 2.24 1.96 1.67 150.22 166.37 Over 15 years (B) +0.07 191.27 191.05 Jan 11 Jon 10 Yr. ago Jan 11 Jan 10 Yr. acc 2.48 2.48 1.33 1.33 2.91 197.04 +0.01 197.02 1.87 0.00 Up to 5 yrs 4.10 6 Up to 5 years (1) -0.01 0.95 0.00 58739 1691 III ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100% GILT EDGED ACTIVITY INDICES Jan 11 Jan 10 Jan 9 Jan 8 Jen 5 Yrego High "Low" 95.33 95.29 95.41 95.23 95.33 90.75 96.22 90.22 114.08 114.08 114.06 114.28 114.34 109.16 115.04 108.77 83.3 81.5 84.6 83.1 69.3 79.2 63.8 71.1 U.S. DOLLAR STRAIGHTS | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 1000 | 101-2 | 100 105% 693% 102% 105% 116% 114% 993% 105% 114% 104% 112% 107% 1063% 993% 114% 107% 1063% 1063% 5.49 6.29 5.55 5.69 5.81 5.84 6.13 5.54 6.13 5.54 6.13 5.54 6.13 Halfax 10³a 97 £ . Hanson 10³g 97 £ 38³11 106³4 106³5 106³6 104⁵1 116 115 490 234 247 221 456 408 408 413 421 408 1061₈ 1042₁ 1061₄ 1041₂ 1151₂ 1141₂ 1051₂ 120 120 1041₄ 29 Council Europe 4½, 98 Dermark 4½, 99 BB 3½, 99 BB 6½, 04 BB 6½, 04 BB 6½, 04 BB 6½, 05 Ordano 11 g 01 £ 100 Powespen 8 g 02 \$ 250 Severn Trent 11 12 93 £ 150 Tokyo Bac Power 11 01 £ 150 TOKZ Fin 9 k 02 N25 75 World Bank 12 12 97 NZ5 250 Credit Local 6 01 FF 7000 SNCF 9 14 97 FF7 4000 Canada 61₂ 97 ተ ተ 6.13 Sweden 41, 03 FLOATING RATE NOTES YEN STRAIGHTS Belgium 5 99 _____ Credit Forces 43, 02 ____ EB 65, 00 _____ E-Im Bank Japan 43, 03 Abbey Netl Treesury -\(\frac{1}{16} \) 99 — Bartemerica \(\frac{1}{16} \) 99 — Belgium \(\frac{1}{16} \) 97 DM — Carada -\(\frac{1}{16} \) 99 — CCCE 0 06 Equ. 99.80 99.70 100.13 99.47 89.39 99.85 97.83 100.04 100.07 99.85 100.07 99.86 100.06 89.90 89.90 89.85 99.85 99.87 100.05 99.88 99.83 100.27 99.55 98.19 100.13 100.08 100.18 100.17 99.95 100.17 99.94 100.17 99.96 83.23 99.98 100.05 99.86 100.05 99.86 100.10 100.05 99.86 100.10 5,7500 5,9375 4,4375 5,6250 5,2612 5,7500 5,875 6,1484 5,7500 5,7812 6,1250 6,1250 6,000 5,8375 5,8875 6,000 5,8750 5,4805 6,000 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 5,8750 3.29 1.97 3.05 1084, 1184, 1214, 1214, 1042, 112, 1194, 1174, 1073, 1154, 105000 30000 300000 100000 120000 2000 . 200 . 750 . 300 1250 1000 1000 . 420 Finland 6% 97 ... 203 2.65 1.68 2.47 0.65 1.96 2.71 1.05 2.60 COCCE 10 96 Equi Commercia COS Fin -1g 88 Credit Lyonnais (200 98 Demark -1g 67 Drescher Pireros ± 96 DM Ferro del Stat 0.10 97 Finland -1g 99 JM Bark Ind 1g 99 JM Bark Ind 1g 99 150000 Intell Bank Intil 19 No Intil 19 No Intil 19 Sector—When Fin — 19 Se LUGUS Bank Perp S 0.10 — New Zector — 19 Se Nove Scotor 19 SS — Ontario 0.99 — Perile 0.99 — Perile 0.95 — Scoto SP Victoria 0.05 SS — Sweden — 19 01 — | Section | Sect 110²g 112²g 103²g 110²g 105²g 105²g 116²g 101²g 101²g 101²g 102²g 100²g 100²g +15.39 +13.76 Austra 6¹2 24 ______ 2000 Baden-Wuertt L-Firence 6 99 ___ 2000 Hong Kong Land 4 01 ... 5.50 6.31 6.19 8.04 8.16 7.51 8.63 8.63 8.51 8.04 7.77 100 2283 250 4,33 85 39,077 900 58,8097

CURRENCIES AND MONEY

Weak European growth theme gathers pace

By Philip Gawith

t stilling to

Foreign exchanges yesterday continued in their recent sedentary mode, but low level rumblings in both the US and Europe suggest this pattern may not persist for long.

Lack of budgetary progress and nervous asset markets in the US are not providing a supportive backdrop for the dollar, yet there is widespread agree-ment that everybody will benefit from a stronger dollar, espe-cially European economies where growth is being hampered by overvalued curren-

In the short term, trading is also being inhibited by the absence of economic data releases in the US. This dampens trade in the bond market, which sometimes provides a lead for the dollar. It also puts increased focus on the budget process, which shows every sign of being a drawn out

The dollar closed in London

UK Ecu SDR†

at DM1.437, from DM1.4383. Against the yen it finished slightly lower at Y104.585, from Y104.94

In Europe the French franc lost ground after comments from Mr Michel Barnier, the European Affairs Minister, suggesting a possible referendum on European issues. It closed at FFr3.434 against the D-Mark, from FFr3.428.

Interest rates were trimmed in some Scandinavian countries, with the Bank of Finland cutting its base rate to 4.5 per cent from 4.75 per cent, and the Danish central bank cutting the 14-day rate by 10 basis

points to 4.5 per cent. Sterling was little moved, finishing at DM2.2197, from DM2.2221, and at \$1.5447, from

■ Pote	al Ita Haw York	 -
Jan 11	Latest	- Prev. class -
£ spot	1.5450	1.5470
7 من	1.5438	1.5457
3 mth	1,5416	1.5436
1 yr	1.5307	1,5320

15.6323 15.5518 15.5662 45.5836 45.4900 45.5409 8.5423 8.5628 8.5762 6.7420 6.6920 9.718 7.6250 7.5796 7.8148 2.2242 2.2109 2.2145 363.454 351.272 0.8900 0.9643 0.9663 2432.56 2418.89 2437.03 45.5896 45.4900 45.5409 2.4920 2.4770 2.4802 9.7866 9.7407 9.7614 2211.058 229.456 230.894 186.803 189.122 157.201 10.1821 10.1188 10.1564 1.7975 1.7844 1.7823

-0.0018 948 - 957 1.1959 1.1894 1,1941 1.1 1.192 1.1

1.5462 1.5408 1.5031 1.4980 2.1112 2.1044 11.8423 11.5688 1.5464 1.5410

11.9582 11.9178 55.3300 55.2130 4.8254 4.8125

162,120 181,060

162.120 181,080 3,9500 3,9396 2,3512 2,3382 40,5280 40,5157 5,7995 5,7794 2,1995 2,1924 5,6048 5,5877 1224,03 1217,31

7 -0.0183 004 - 190 15.6323 15.5518
8 -0.0537 032 - 886 45.8968 45.4900
8 -0.0055 832 - 923 8.5628 8.5628 4.00034 157 - 243 7.8250 7.5796
7 -0.0024 165 - 209 2.2242 2.2108 - 0.0024 165 - 209 2.2242 2.2108 - 0.175 802 - 454 363.454 361.272 1.282 867 - 678 0.9800 0.9643 1 - 1.82 867 - 678 0.9800 0.9643 1 - 0.0537 032 - 886 45.8996 45.4990 - 0.003 848 - 873 2.4920 2.4770 - 0.0107 352 - 600 21.038 229.486 1 - 0.005 322 - 680 10.821 10.1188 1 - 0.0057 883 - 908 1.7975 1.7844

-0.0002 440 - 449 +0.0008 020 - 031 +0.0029 094 - 112

-0.0019 413 - 490 +0.0606 551 - 300 -0.0039 147 - 236 -0.574 472 - 633

-0.574 472 - 533 +0.0002 465 - 500 +0.0015 466 - 496 +0.0187 607 - 280 -0.001 914 - 951 -0.0002 980 - 979 -0.0002 981 - 033 +8.37 309 - 403

11.9452

5.7933 2.1970 5.6007 1223,56

■ The action was focused more in the interest rate markets than foreign exchange, with German bond and interest rate futures gaining ground. As expected, German 1995 GDP figures showed growth slowing to 1.9 per cent, from 2.9 per

cent in 1994. For those who failed to discern the cause, and implications, of these figures, Mr Guenter Rexrodt, the German economics minister, spelled out the detail. Along with high wage deals and tax rises, he said the strong D-Mark had been a hindrance to growth.

He also made clear that stronger growth would be needed if Germany was to fulfil the convergence criteria in terms of the Maastricht treaty. One country unconcerned about the Maastricht criteria is Britain. Mr William Waldegrave, Britain's chief secretary to the Treasury, restated the prime minister's position that: re would not be rejoining the ERM in this parliament and

192,371 10,1772 1,7107

-1.7 **2.3822** -1.5

137.7

-3.1 -0.2 4.7

One month Three months One year Bank of Rate %PA Rate %PA Rate %PA Eng. Index

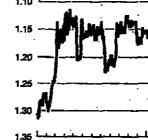
3.3 15.5222 2.8 45.3609 1.8 8.5588 0.8 8.7109 0.8 7.6067 2.8 2.2048

12 0.9652 -4.2 2453,68 2.8 453,698 2.8 2,696 1.2 8,7369 -2.2 231,799 -2.1 188,146 -0.2 10,162 4.8 1,7668

2.109 0.7 2.1059 0.8

160.718 6.2 159.213 5.8 152.873 5.4

Against the dollar (SFr per S)



that we would not be going back into an ERM comparable to the old one in any parliament in the future

If Maastricht is not a worry. sterling may be. The trade weighted index finished at 83, not that far above the record low of 82.2.

Mr Tim fox, analyst at Credit Suisse in London, said a mixture of economic and politi-

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

-0.0/03 019 - 087 -0.03 300 - 700 -0.0027 580 - 610 -0.0005 488 - 585 +0.003 315 - 345 +0.003 315 - 345 -0.0713 385 - 975 -0.07 980 - 290 -0.07 900 - 700 -0.007 080 - 088 -0.0059 223 - 293 -0.008 150 - 250 -0.00 5150 - 250 -0.00 850 - 900 -0.0085 580 - 580 -0.0085 580 - 580 -0.0033 443 - 451 +0.0017 922 - 827

- 998 - 999 +0.0008 726 - 728 +0.0021 659 - 664 -0.01 150 - 350

10.1053 29.5505 4.3526 4.3526 4.9330 1.4370 235.060 1.572.20 29.5500 1.63258 149.200 120.875 8.57565 1.5447 1.2325 1.5447 1.2325 1.637789

0.9999 0.9727 1.3682 7.5250

2.5560 1.5200 26.2150

(A\$) (HK\$) (Ps) (Shk)

ling. Given the government's would be negative for the dolthin majority, amid rumours of lar, based on the reasoning further possible defections, it is that uncertainty about US assumed that they will opt for economic policies that will improve their chances of survival. "In the face of a widening trade deficit, this would imply a greater tolerance for a weaker pound, and until real demand and output improve, the emphasis on lower interest

■ Concerns about currency overvaluation in Europe have led some analysts to start wondering whether the time might not be approaching for co-ordinated intervention to, once more, boost the dollar. "A weak dollar would not be seen to be in anybody's interests,"

rates will also likely remain,"

said Mr Fox.

said one analyst.

So far the dollar has remained largely unperturbed by recent wobbles in US markets, especially in equity prices. The conventional wis-

10.1180 10.0870 29.5700 29.4890 5.5620 5.5430 4.3672 4.3366 4.9390 4.9110 1.4390 1.4340 235,280 234,210 1.6012 1.5923 1578.00 1567.00 29.5700 29.4890

1576.00 1667.00 29.5700 29.4890 1.6142 1.6062 6.3370 8.3147 149.900 148.820 120.960 120.720 6.5852 6.5639 1.1628 1.1555 1.5464 1.5410 1.2966 1.2917

0.9999 0.9984 0.9726 0.9726 1.3668 1.3645 7.5350 7.5150

10.0898 29.498 5.5557 4.3478

4.3476 4.9364 1.4348 236.605 1.5975 1579.05 29.48 1.6084 8.3238 149.575 121.27 6.581

1,1549 1,5435 1,2928

7.7337 -0.1 35.945 -5.0 104.12 5.3 2.5569 -0.4 1.5231 -2.4

3.7508 -0.1 1.4187 3.0 3.6545 -9.5 795.1 -4.5 27.424 -0.9

6.6215 1.1482 1.5413 1.2932

103,26 2,583 1,5289

3.7515 1.4127 3.706 798.6

cal forces were preying on ster- dom is that a fall in US assets asset prices could make Japanese investors nervous about buying bonds. So far, though, there has been little evidence of this effect.

Mr Philippe Jordan, senior vice president at Daiwa Securities in New York, said he doubted whether international economic policy co-ordination was enjoying much attention with the Budget dominating the agenda.

He predicted that "all dollar relationships are going to be dominated by asset deprecia-tion in the US, in equities in

Jan 11	£	5
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Hetgery	210.426 - 210.613	136.260 - 136.310
Nan .	4635.30 - 4632.90	2000TOC - 3000TOC
(max	0.4617 - 0.4628	£2990 - £2995
Potenti	3,8391 - 3,8442	24880 - 2488D
ضييح	7203.26 - 7204.15	4662.00 - 4665.00
UAE	5.6721 - 5.6753	3.6729 - 3.6731

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WORLD IN		SLE	TI-2					
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Belgium	32	32	3%	3%	3%	7.00	3.00	
week aco	3%	33	31.	32	34	7.00	3.00	
France	42	48	42	42	42	4.45		5.85
week ago	40	45	45	41	49	4.45	_	5.85
Germeny	34	32	3%	3%	32	5.00	3.00	3.73
week ago	3%	32	32	34	3%	5.00	3.00	3.75
tratand	512	517	515	54	5%		-	6.24
week ago	5%	51/2	5%	5%	54	-	_	6.25
ltaly	10%	105	10%	108	103	-	9.00	10 48
week ago	104	102	104	10.	10	_	9 00	10.48
Notherlands	3.	38	3%	3%	31.	_	3.00	3.40
week ago	37	35	3.	32	37	-	3.00	3.40
Switzerland	18	12	12	1%	1%	5.00	1.50	
Meey 930	1%	18	18	14	1%	5.00	1.50	-
us	5%	51	51/2	574	514	_	5.25	-
mooy sign	54	27	57	53	5	-	5.25	
Japan .	2	4	13	3	4	-	0.50	-
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S S LIBOR FT Lo	ndon							-
interbank Floing	-	5%	53	52	511	-	-	-
week ago	-	5%	52	53	511	-	-	-
US Dollar CDs	_	5.38	5.30	5.25	5.14	-	-	-
week ego	_	5.38	5.82	5.26	5.14	-	-	-
ECU Linksed Da	-	5,5	5	5	48	-	-	-
week ago	-	5	5%	51	54	-	-	-
SDR Limbed De	-	33	311	31	3.	-	-	-
week ago	-	32	314	314	35	-	-	-
\$ LISOR Interteenik fod af 11am each worke Westmeeter	g day. Ti	ne partet er	ratue for S ert. Barris	10m quat ens Tru≤.	Bot to the : Bank of	previous by t Tokyo, Be	four rates yethys ar	ence be no Natio
Mic rates are shown	for Pile dis	mestic Mo	ney Palet	LUSS CE	ECU &	EDR Links	ed Dupor	alla (Cu)
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		notice			months			VOOR

Jan 11	Short term		ciays tice	One month	Three months	Sk mentre	One
Belgiss Franc	34 - 35	311	- 8]]	311 - 311	311 - 3/2	31 - 31	31 - 3%
Danish Krome	44 - 44		- 4,7	44 - 47	416 - 446	4% - 4%	44 - 44
D-Mark	3년 - 3년		- 3}}	34 - 35	3월 - 3월	34 - 34	3,5 - 3,5
Dutch Guilder	312 - 316		- 35	3]3 - 3]2	3 - 3,	311 - 34	35 - 35
Franch Franc	414 - 412	4%	- 45	411 - 411	4월 - 4월	412 - 4%	412 - 44
Portuguese Es	⊑ 7% <u>-7</u> %⊾	812	- 8,	8,2 - 8,2	8,4 - 8,4	812 - 814	812 - B.2
Spenish Peset	9.3 - 9.4	P,	- 97	01c - 812	9 - 5%	8) 2 - 8()	8 k - 8 k
Sterling	65g · 612	5	- 6l ₂	613 - 613	612 - 612	6년 - 6년	6년 - 태
SMISS Franc	74 - 14	15	- 112	14 - 15	14 - 15	14 14	14 - 15
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وبيا مهشوا	10 ¹ 4 - 10	104	- 10	104 - 104	10.4 - 10/4	10 97	97. 9%
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Stort term take THURSE #							FFr5m)
	Open Set	price	Cheng	ne High	Low	Est. vol	Open int.
Mar	95.07 9	5.01	-0.0	5 95 10	94.95	3.049	53,368
		5.32		95.10		9,241	46.472
		5.41	-	95.45			35,211
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3 1100	E MONTH	POR FUT	DTESS (MAX	TIF) Paris I	mterbenk o	Mareci rate (FFr5m)
	Open	Sett price	Chenge	High	Low	Est. val	Open un
Mar	95.07	95.01	-0.05	95 10	D4.95	3.049	53,368
Jun	95.32	95.32	-	95.10	95.28	9,241	46,422
Sep	95.43	95.41	-	95.45	95.37	5,163	35,211
a Tress	E MONTH	OTO BEAUTI	FUTURE	B (LIFFE)"	OM1m pair	15 of 100%	<u> </u>
	Open	Sett price	Change	High	Low	Est. vol	Open int
Mar	96.48	96.50	+0.01	96.51	96,48	19767	188501
Jun	96.65	96.69	+0.02	96.71	95.65	22761	145795
Sep	96.68	96.70	+0.02	96.73	96.67	22213	123558
Dec	96.53	96.58	+0.04	96.60	96.62	19470	126417
THE	E ISONTH	STOLINA 1	الكران ٢٠٠٧	(UFFE) L1	000m pok	ts of 100%	
	Open	Sett price	Change	High	Low	Est. vol	Open In
Mar	90.13	90.14	-0.01	90.18	90.10	10266	48157
Jun	90.55	90,58	+0.01	90.62	90.53	3810	26104
Sep	90.76	90.82	+0.02	90.86	90.76	1006	14895
Dec	90.63	90.38	+0.04	90.92	90.83	B44	7979
E THRE	E INCHLAN	MATERIAL STREET	S PREMIC	PPTURE	(LIFFE) SI	rim points	of 100%
	Open	Sett price	Change	High	Low	Est. vol	Open str
Mer	96.35	98.34	-0.02	98.39	98.32	8162	23987
Jun	98.42	98.42	-0.01	98.47	98.40	4646	17067
Sep	98.39	98.38	-0.81	98.43	99.37	1673	8427
Dec	98.16	96.19	-	98.21	96.16	1255	1677
IN THESE	E MONTH	بريد لدي		Eculm po	of 100	96	_
	Open	Sett price	Change	High	Low	Est, voi	Open in
Mar	95.11	95.11	-0.01	95,14	95.11	1071	7176
Jun	95.28	95.31	+0.03	95.32	95.28	415	4578
Sep	95.33	95.32	+0.03	95.34	95.30	291	2494
Dec	95.24	R5.28	*D 03	95.24	R5.22	188	1825

CROSS RATES AND DERIVATIVES BFr 5.447 21.41
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1.178 4.631
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1.539 6.050
2.000 8.177 2.118 \$322 1.126 2229 1.269 3188 0.436 1005 1 2512 0.040 100. 0.389 977.1 0.990 2486 0.420 1054 0.518 1301 0.952 2391 0.541 1358 0.867 2429 0.458 1572 0.599 1504 0.508 2033 oper 10: Belden Fer 505.0 268.4 302.5 103.9 238.4 8.490 92.72 235.9 100. 123.5 226.9 128.8 230.5 109.2 149.2 149.2 409.1 217.4 245.0 84.14 193.1 7.886 75.10 191.1 81.00 100. 183.8 104.4 186.7 88.48 120.8 115.6 22.26 11.83 13.33 4.579 10.51 0.418 4.087 10.40 4.408 5.442 10 5.679 3.920 2.083 2.848 0.806 1.850 0.074 0.720 1.831 0.776 0.958 1.761 1.789 0.848 7.158 1.108 4.623 2.457 2.769 0.951 2.162 0.087 0.849 2.159 0.915 1.130 2.077 1.179 2.110 1.366 1.307 3,385 1,799 2,028 0,896 1,588 0,084 0,621 1,581 0,870 0,826 1,521 0,884 1,545 0,782 1 72.78 167.0 6.649 64.96 165.3 70.07 88.50 159.0 90.27 161.5 104.5 100.

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III D-MARK FUTURES (IMM) DM 125,000 per DM Low Est vol Open Int. 0,8975 23,528 56,429 0,7015 280 3,069 - 3 1,257 Latest Change

SIRSS FRANC FUTURES (IMM) SFr 125,000 per SFr +0.0017 0.8716 0.8880 +0.0028 0.8780 0.8770 +0.0024 0.8855 -UK INTEREST RATES LONDON MONEY RATES

Certs of Tax dep. (£100,000) 5¹2 THREE MONTH STERLING FUTURES (LIFTE) 2500,000 points of 100% Est, vol. Open int. 11423 23892 19274 9841 5368 93.57 93.79 93.74 93.58 93.34 +0.01 +0.03 +0.05 +0.06 +0.07 93.82 93.65 93.43 ■ SHORT STERLING OPTIONS (LIFFE) 2500,000 points of 100%

0.55 0.40 0.27 0.24 0.09 0.02 BASE LENDING RATES Adom 8, Company ... 6.50
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2,618 1,392 1,588 0,539 1,236 0,049 1,223 0,518 0,540 1,176 0,688 1,195 0,566 0,773 10.16 4,815 6,576 6,291 8,502 Latest Change High 0.9837 ~ 0.9572 0.9759 +0.0005 0.9780 0.9885 ~ ~ -0.0028 -0.0042 -0.0002 1.5418 1.5370 1.5370 1,5436 1,5380 1,5370 Mar Jun Sep EMS EUROPEAN CURRENCY UNIT RATES

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+0.01 Mar 0.02 0.08 0.02 0 0.28 0.13 0.04 0.02 0.25 0.50 0.06 0.26 Est. vol. total. Culls 2007 Puts 9737. Previous day's open int., Calls 202412 Puts 220450 M. EURICO SPINES FRANC OPTIONS (LIFFE) SFr 1/11 points of 100% SOLVAY S.A.

for payment on 19th January 1996. This partial dividend is in respect of the 1995 dividend, and the Final dividend payable will be declared in June 1996. Payment will be made by Belgian Prace Draft, or, in Storling at Bankers Sight Baying Race for BFs on day of presentation

of Coupes No. 56 at the office of:-Schroder Investment
Schroder Investment
Munngement Limited,
Senacy Home
85 Queen Victoria Street,
London EC4

Attention: Coupon Department
Berween the hours of 10am and 2pm
(Sazurdays excepted) on or after 19th
Ismusty, 1996. UK as will be deducted
from the Net Dividend miless lodgements
are accompanied by the necessary affidavito.
Payments can only be made to persona
residing outside the Belgeo'Luxembourg
Customs Union. Under the terms of the
UK/Belgium Double Tuzzirion Convention
shareholders residing in the UK are eligible,
upon submining duly compisted form 276
(DIV(GB) to a partial reimbursement of
Belgium Withholding The equal to 20 percent of the Net Interior Dividend.
Further information if required can be

Further information if required can b

US\$90,000,000

CITY OF COPENHAGEN

Standard & Chartered

Standard Chartered PLC

US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 4) (of which US\$200,000,000 has been issued as the Initial Tranche)

In accordance with the provisions of the Notes, notice is hereby given that for the six month period, (182 days), from 12th January 1996 to 12th July 1996 the Notes will carry interest at the rate of 5.65 per cent per annum.

Interest payable on 12th July 1996 will amount to US\$285.64 per US\$10,000 Note and US\$2,856,39 per US\$100,000 Note.

> West Merchant Bank Limited Agent Benk

REPUBLIC OF NICARAGUA

International Tender

The Government of Niceregus, through its Committee for the incorporation of Private Entities in the Operation and Expension of Public Telephensus/cations Service (The Committee), Invites all intensied companies and consorts to prequality for the forthcoming international tender for the sale of a 45% interest in Empres Micereguenes de Telecommunications (ENITEL). ENITEL is the recently constituted company which provides basic demostic and international telecommunication services in Niceregue. The tender process will take place in two phases as follows.

Phase One: All interested parties shall submit their prequalification documents in accordance to the instruction for Prequalification which The Committee has prepare These instructions can be obtained as of January 13, 1986 at the following address:

TELCOR

Award notification will take place no later than June 10, 1996.

Telephone: (505-2) 784444 Ext. 2196 / Fuculosite: (505-2) 781818 Contact: Ing. Rolando Rivas H.

Edificio Villafontana, Managua, Nicaragua

years in the operation of telephony services in a regulated environment, armust billings totaling US \$500,000,000 per year; a subscribed customer base equivalent to a minimum of 500,000 telephone lines and a shareholder's equity of at least US \$1 billion.

Candidates deemed prequelitied by the Committee for the Privatization of Telcor (COPRITEL) as a result of the 1994 prequelitication precess shall be considered prequalitied for the upcoming international lander if they continue to meet the requirements of Articles 10, 11, and 12 of the new Law on the improvation of Private Entities in the Operation and Expansion of the Public Telecommunications Services (Law 210).

Phase Two: Prequalification companies and consortia participating in the international funder shall achieve to the following Tentative Schedule:

The international funder process will begin on March 3, 1996, with the distribution of transaction documents (Concession Agreement, Shangament Services Agreement, Information Memorandum, etc.) to prequalified bidders at the Bidder's Conference. Bidders will have the appetunity to submit comments and observations regarding the transaction documents upon completion of this review period.

Document review will continue for a four week period ending April 8, 1996, when TELCOR shall receive any and all congruents and electrostics regarding

interested bidders may conduct due difigence in Nicaragua in accordance with procedures set for that purpose, until May 16, 1986. Buring that visit, his consult with and submit inquires to ENITEL endor TELCOR regarding the tender procedures and the document review.

Prequalities bidders shall submit versions of transaction documents to The Committee by May 24, 1986, as a sign of acceptance. Tender offers shall be presented by proguiffed hidders to The Committee in a Tender Offer Committee on June 6, 1996, at the location and on the detailed in the instructions to Bidders.

> Roland Rivas H. Presidente Junta Directiva ENITEL

para la incorporación de Particulares en la Operación y Ampliación de los Servicios Públicos de Telecomunicas

Marie Marie Comment Services

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是中心的,这是一是一个人的主义,但是不是是一个人的,是是一个人的,也是是一个人的,也是一个人的,也是一个人的,也是一个人的,也是一个人的,也是一个人的,也是一个人的, 一个人的,也是一个人的主义,他们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就

LONDON SHARE SERVICE INVESTMENT TRUSTS - Cont. HOUSEHOLD GOODS - Cont. ELECTRONIC & ELECTRICAL EQPT - Cont. 12 Pri Manuel Service | March | Marc ALCOHOLIC BEVERAGES Section of the control of the contro MAX Caption 11.1 365.0 1.27 2.22 1.23 2,434 INA India.

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Anticolin Staff | **BUILDING & CONSTRUCTION** Carne (1)
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Costali | | إلى إد | إنم أد أد | إذ | إلم المؤميد | إلم إلمرا إلياب إلم | 公司的下海中,1977年,2006 YMS Gra P/E 7,0 17,4 6,5 13,1 5,4 10,7 4,2 15,5 | February Euro Vall. VI | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 1984 | 198 PERSONAL PROPERTY STATE OF THE SECOND STATE OF THE SECOND STATES OF THE SECOND BUILDING MATS. & MERCHANTS Inguil Life States 4 The Life HOUSEHOLD GOODS \$ 14 11 11 12 11 142 11 11 11 1442 11 12

مكذا من الاصل

LONDON SHARE SERVICE INV TRUSTS SPLIT CAPITAL - Cont.

FT MANAGED FUNDS SERVICE

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FT-SE 100 resilient in the face of US worries

LIK Stock Market Editor

Another tense trading session in UK equities closed with overall sentiment in London dented but not too severely damaged after the worrying overnight setback on Wall Street which reacted sharply to the deadlock over the US budget deficit.

The 97-point slide by the Dow Jones Industrial Average on Wednesday triggered an instant and sizeable mark-down of stocks in London, but the level of selling pressure, according to marketmakers, was never more than light.

And with US markets opening in good shape at the outset of trading

yesterday, the general feeling in London was that UK equities could well make progress at the start of trading this morning, if the Dow maintained its early progress.

At the end of the session, the FT-SE 100 index settled 16.6 off at 3,654.9, extending the decline in the index over the past three days to 65.7 points.

The FT-SE Mid 250 index marginally underperformed the premier index, retreating 24.2 to 4.015.8; over the past three days the Mid index has fallen 64.8 points.

Increased volatility was accompa nied by a useful uptick in the volume of trading throughout the markets. Turnover at 6pm reached a

hefty 865.2m shares, the highest since before Christmas.

Once again Forte, the hotel and restaurants group under siege from Granada, was the heaviest-traded stock with 40m shares changing hands, with many of the market's arbitrageurs involved in the stock as a cheap way into Granada. The latter have been pinpointed by some market observers as cheap.

Allied Colloids, the chemicals group, attracted similar turnover after a series of agency crosses, where brokers match buyers and sellers at the same price. Activity in Allied Colloids and Forte accounted for 10 per cent of market volume.

The Dow's downward lurch on

Wednesday, which saw the index drop around 100 points for the second time since the US budget deficit wrangle began to cause serious concern to investors, ensured a difficult opening throughout European equity markets.

London, additionally beset by the political worries surrounding the Conservative government's majority, made its expected poor start, but picked up to reach the day's best level, 3,660.6, in mid-morning, Thereafter, dealers were on the alert for any attempted large-scale selling pressure, but this never

materialised. The Dow's good initial performance saw buyers begin to re-enter

released by retailing compa-

nies yesterday did little to ban-ish recent concerns about the

Storehouse was the worst

performer in the FT-SE Mid 250

index, with the shares tum-

bling 20% to 300%n after analysts moved to downgrade prof-

its expectations on disapp-

cintment with the group's

brokers that reduced current

year profits expectations. It cut

its estimates for the year to

March 1996 by £7.5m to £107.5m, and the following

year's figure by a more hefty

Several brokers also down-

graded Sears, another com-pany to publish a trading

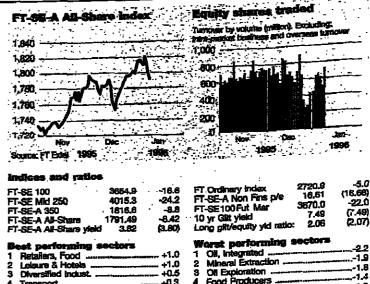
update. BZW was said to have

UBS was among a long list of

outlook for the stores sector.

the London market and there were suggestions after the close that domestic institutions had decided to put money into UK stocks to take advantage of the recent 60-point setback.

The market's resilience in the face of the Dow's weakness and hints that Goldman Sachs, one of the top US investment banks, had sold 1,500 FT-SE futures contracts, encouraged some of the late buying. Rumours that General Electric of the US may be considering a bid for Ericsson of Sweden, helped produce late strength in British Aerospace, which has a 31 per cent stake in Orange, the cellular company, and



Arbs seek the next target

Now that the dust over the Forte-Granada battle seems to be settling, the hot money is moving on.

Senior traders who track abnormal movements in trading volumes believe that arbitrageurs have taken their profits from Sir Rocco Forte's

They believe that Forte's very heavy turnover this week reflects takeover specialists selling out to a second set of arbitrageurs - those who trade on the difference between its price and Granada's. And they are convinced that the early speculators are looking for the next big bid in the market.

Favourites that have been mentioned are those perceived to have weak management such as Rexam. Inchcape. Ario Wiggins Appleton, J. Sainsbury and P&O.

Vodafone has also been seen as vulnerable following its 20 per cent fall since early November and its shares bounced 31/2 to 2151/2. However, the feeling in the City is that Vodafone's problems are purely external and it would be hard to unlock extra profits from a company which is nossibly suffering from a global ndustry slowdown.

Rexam, the paper group, has attracted takeover talk for some time, although the appointment of Mr Rolf Börlesson as the new chief executive dampened some of the excitement yesterday and the shares dropped 12 to 366p. Inchcape improved 4 to 260 and Arjo was just a penny off at 180p. P&O jumped 12 to 487p.

BP tide turns

Oil majors slipped back as the recent tide of enthusiasm turned. The fall in the two majors, Shell Transport and BP, accounted for roughly half of the Footsie's slide yesterday. Several leading brokers seized on the restructuring announcement by BP as an opportunity to take a more negative view on the sector.

While BP's \$1bn-plus writedown was expected and should enhance earnings mildly, there are concerns about the company's chemicals arm. Also, the recent increase in the spot oil price has not trickled through into the price of Brent crude for later months and the cold weather has eased.

NatWest Securities, the leading bull in the sector, decided that the time had come to "pause for breath" and cut its recommendation on BP to hold from add.

RZW turned full-scale seller of BP and cut its 1996 net income forecast by some £200m to £2.062bn. The investment bank also remains a seller of Shell Transport, arguing that the shares are on an unwarranted 15 per cent price/earnings premium to the market. And SGST has moved to "overvalued" from neutral on BP, saying that the reversal of

the oil price rise will hit the stock. BP tumbled 131/4 to 520%p and Shell fell 19 to 847p. The old advertising slogan "We're with the Woolwich" will be on the minds of institu-

tional investors now that the building society has announced plans to float.

Big funds will be keen to get a weighting in a stock that UBS forecasts will boost the proportion of the Footsie's

as most of the Woolwich shares will be held by small investors; as a result they will National. However, profit-taking continued in the sector yesterday. Lloyds shed 4 to 310p

dropped its current year fore-cast by £10m to £105m, and by £19m to £125m for the following year. However, fans of the A series of trading updates stock had gained the upper

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2708.3 2710.1 2718.5 2718.5 2711.9 2711.9 2718.5 2723.9 2718.3 2724.8 2708.3 Jan 11 Jan 10 Jan 9 Jan 8 Jan 5 Yrago 31,818 33,233 30,890 1726,1 1287,0 1491,1 38,294 38,318 35,176 739,0 520,4 604,3 31,370 1989.0 36,452

The Kyrgyz Republic The State Property Fund

BUSINESSES FOR SALE

The Enterprise Reform and Resolution Agency offers for sale by SEALED TENDER on February 27, 1996 100% of the share capital of:

MAILUU SUU ELECTRIC LAMP PLANT

STATE JOINT STOCK COMPANY One of the 10 major light bulb manufacturers in the former USSR and the only significant producer in Central Asia.

No bidding or pricing restrictions.

sed production level of 180 million units with an installed capacity for over 275

Company financially and technically restructured through World Bank Program. Now showing positive profits, cash flow and low operating costs. Commanding share in the domestic and regional markets with increasing penetration

Internationally through an expanding distribution system. Attractive investment incentives, tax abatements and freely repatriable profits for international

Favourable investment climate, fully convertible currency and stable political environment.

For information, contact: ERRA SALES TASK PORCE

Tel: 7 (3312) 22-84-16 Fex: 7 (3312) 62-08-85, 62-04-61 E-MAIL: esti@tei. bishkek.su

PUBLIC NOTICES

EXPRESSION OF INTEREST: LICENCE TO OPERATE THE SHEUNG SHUI SLAUGHTERHOUSE

The Hong Kong Government is planning to construct a new slaughterhouse in area 2B of Sheung Shui, for completion in October 1998. The new Sheung Shui Slaughterhouse (SSSH) will replace the Government owned Cheung Sha Wan Abattoir and Kennedy Town Abattoir and the privately owned Yuen Long Slanghterhouse Situated on a 5.7 bectare site, the slaughterhouse will have a slaughtering capacity of 5,000 pigs and 400 cattle per day. The Hong Kong Government intends to engage a private company in the operation and management of the SSSH, and now invites compan with experience in the operation of large-scale slaughterhouses to express interest for the licence to operate the Sheung Shui Slaughterhouse.

The prospective operator of the SSSH will be selected among companies which have expressed interest and are found to be unitable and qualified to take up the licence to operate the Sheung Shui Slaughterhouse.

Interested communies are invited to apply to: Assistant Director (Special Project).

Regional Services Department.

7/F. Regional Council Building,

1-3 Pai Tau Street, Shatin. N.T. Hong Kong Interested companies will be required to demonstrate their capabilities and experience in the management of large-scale slaughterhouses, and to explain how they propose to apply their experience and expertise in the management of the SSSH, They should also provide information on the history, structure, business and financial position of their companies.

An information note on the slaughterhouse and the applica procedures and a set of the proposed broad terms of the licence to operate the Sheung Shui Slaughterhouse can be obtained from the Hong Kong Government Office at No. 6 Grafton Street, London W1X 3LB.

For further information and enquiries, please fax to the Regional Services Department at (852) 2692 6867. The deadline for submission is 12 February 1996 (Hong Kong time). All

submissions must be in English.

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This invitation to express interest and any application in response will not create any relationships, contractual or otherwise, between Hong Kong Government and the parties submitting the applications.

market value devoted to the bank sector by 3 percentage

But institutions will struggle

possibly prefer to move into banks with a similar exposure to the mortgage market such as Lloyds TSB and Abbey

and Abbey 6 to 630p.
In spite of the raised weighting. UBS believes banks face a rash of bad debt provisions as they are hit by the domino effect of recent corporate prof-

TNANCIAL				Jan 8		Yr ago	1-ligh	Low
rdinary Share	2720.9	2725.9	2738.7	2750.5	2737.2	2339.4	2750.5	2238.3
rd. div. yield	4.08	3.98	3.96	3.94	3,96	4,47	4.73	3.94
/E ratio net	18.28	16.08	16.18	16.27	16.18	17.65	21,33	15.35
/E ratio nii	15.07	15.88	15.97	16.06	15.98	17.09	22.21	15.17
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Total Rises	502	Total Highs Total Lows	95	Total contracts	49,147
Total Falls	924	Total Lows	49	Catts Puts	24,26
Same	1.419	1		Puts	24.88

LEGAL **NOTICES**

GROUP LIMITED (Company No. 2193941) Registered to England and Water

As part of the scorganisation of the structure of The Mortgage Corporation Group, the above company, a holding company, has been placed and a selvent liquidation process. As part of that process optice or hardby given that creditions of the above company are required on or before 20 February 1996 to mod their causes and addresses, names and addresses of their solicitors or legal tives to A Wilketson and M Hyde of EC (A 41), England, who are the liquidatess of the

liquidators, such crediture, eather personally or by their solutions or legal representatives, shall by the liquidators to prove their debu and classes and a default thereof they will be excluded from

detts are proved. The Morgage Corporation Lamited, the principal operatory company of the group is traditioned b

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CONTRACTS & TENDERS

Mandelli Group in extraordinary administration Notice of Extension of the term or the deposit of the tenders to purcha the Mandelli Group ongoing businesse in extraordinary administration

The Commissioner of Mandelli Group in extraordinary administration, given that on October 23rd, 1995 the Invitation to tender to purchase the Mandelli Group ongoing businesses was published, containing the invitation to present irrevocable offer to purchase one or more of the following ongoing businesses.

Mandelli Piacenta Business, inseparably composed by Mandelli Industriale S.p.A., Mandelli S.p.A., Plasma S.p.A., Spring S.p.A.:
 Mandelli 2 S.p.A., Montefredame (AV);
 Prometa S.p.A., Prata P.U. (AV);
 Mandelli S.p.A., Prata P.U. (AV);

Hitee Campunia S.p.A., Prata P.U. (AV: F.M.S. - Panna S.p.A., Rovereto (TN): Innse M.U. S.c.I., Brescia;

Saimp Sistemi S.p.A., Padova.

Fax 01734 234109

that the term for the deposit of the tenders in purchase the Mandelli Group ongoing businesses, expaning on December 27th, 1995, already postponed in January 15th, 1996, is furtherly and definitively postponed to January 31st, 1996, kept safe every other condition as indicated in the invitation published in this newspaper on October 23rd, 1995.

Commissioner of the Mandelli Group in extraordinary administration (Avv. Vincenno Nicastro)

BERKSHIRE COUNTY COUNCIL **PENSION FUND**

Management of an Ethical/ Environmental Portfolio (c: £6m.)

The County Council utvites expressions of interest from investment management companies wishing to be considered for management of a UK equity portfolio in which stock selection is governed by selected ethical/environmental criteria.

Prospective managers should be able to demonstrate a track record of managing funds on this basis and will be expected to propose the ethical/environmental screening criteria to be used. Requests for further details and an application form/questionnaire for return by the 31st January 1996 should be made to:

Mr Jack Johnson, Fund Manager, Corporate Finance, P O Box 900,

Shire Hall, Shinfield Park, Reading RG2 9XA Tel. 01734 233712

Vodafone.

Several analysts also decided to reduce profits expectations at Boots, following its statement which depressed the shares. They lost 6 to 592p, with UBS having downgraded its profits forecast by £10m to £500m for the current year, on concerns about trading in its smaller retail business

hand by the close of the ses-

sion and the shares closed 11/2

ahead at 99%p.

But it was the talk of a bid for House of Fraser that lifted the group's shares. The stock put on 5 at 173p, and strong demand for Body Shop, up 8 at 155p, made it the best performer among FT-SE Mid 250 index issues.

Market sentiment continued to move Granada Group's way in its hotly contested bid for

Forte, the UK hotels group.

A feeling that Granada is going to win the bld continued to boost demand for its shares. which advanced 11 to finish at 664p after trade of 7.4m. Strong buying of Forte continued, particularly by those that see it as a cheap way into an expanded Granada. The shares rose 5% to a record 368½p. Turnover stayed heavy, totalling 40m. Hong Kong related stocks

benefited from the Far Eastern market's 1 per cent rise yesterday. HSBC improved 3 to 998n in the ordinaries and Cable and Wireless, further helped by a recommendation from ABN Amro Hoare Govett, moved ahead 4 to 460p. However, Standard Chartered, the Footsie's best individual performer last year, fell 14 to 572p on profit-taking

Financial public relations group Shandwick rose 3 to 40p as Panmure Gordon recommended the stock in the light of the group's debt rescheduling yesterday.

Trafalgar House firmed 11/4 to 30p on the announcement that it is in talks with Persianmon, the housebuilder, about the sale of its Ideal Homes

FT-SE 100

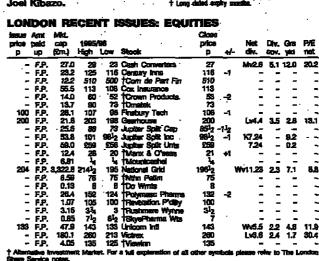
FT - SE Actuaries Share Indice

than the £150m book value of the underlying assets. Persimmon, expected to call on shareholders for extra cash, fell 10

to 199p. McDonnell Information Systems jumped 9 to 59p after GEAC Computer Corporation acquired a stake of almost 3.8

SBC Warburg was responsi-ble for ripples of unease circulating throughout the smaller insurance brokers as the broker's research team instigated a series of profits downgrades. Among stocks downgraded were Steel Burrill Jones, 2 off at 43p, Bradstock, also 2 down at 72p, and Lloyd Thompson, 3 easier at 177p.

MARKET REPORTERS: Peter John,



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FT-SE SmallCop ex Inv Trosts	1940.69	-0.3 1946.1				3.40	1.90	19.39	1,45	1578.80
FT-SE-A ALL-SHARE	1791.49	-0.5 1799.9				3.82	2.00	16.37		1490,33
■ FT-SE Actuaries All-									12.0	
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10 MENERAL EXTRACTION(25)	3177.59	-1.9 3239.5				3.68	203	16.78	0.00	1337.15
12 Extractive industries(5)	4027.98 3233.79	-0.3 4040.1				3.68	2.58	13.25	0.00	1155.02
15 Oil, integrated(3)		-2.2 3307.6				3.81	1.96	16.80	0.00	1394.99
16 Oil Exploration & Prod(15)	2090.28	1.8 2128.4					1.53	34.84	0.00	1240.72
20 GEN INDUSTRIALS(276)	1992.09	-0.2 1995.9	3 2005.04	2012,88	1836.71	4.14	1.89	15.93	0.43	1009.99
21 Building & Construction(34)	1029.94	-1,3 1043.1				3,90	218	14,68	0.36	848.84
22 Building Metts & Merchs(29)	1783,60		3 1791.11			4.20	2.03	14.64	0.29	885.32
23 Chemicala(23)	2421.24		5 2442.38			4.05	1.87	16.53	0.00	1127.51
24 Diversified Industrials(21)	1825.37	+0.5 1815.6				5.40	1.57	14.78	0.00	998.08
25 Bectronic & Bect Equip(38)	2247.90	-0.4 2258.9				3.21	1.95	19.95	1.27	1154,42
26 Engineering(71)	2195.12	-0.4 2204.3				3.40	2 23	16.50	1,02	1314.57
27 Engineering, Vehicles(13)	2489.02	-0.9 2510.9				4.12	1.23	24.81	0.00	1269.05
26 Paper, Policy & Printing(26)	2591.68	-1.1 2619.2				3.85	. 253	12.85	0.39	1053.39
29 Textiles & Apparei(19)	1440.98	<u>-0.6 1449.10</u>	1450.10	1450.48	1519.77	4.82	1,90	14,44	0.00	864.24
30 CONSUMER GOODS(82)	9577 01	-0.5 3593.3	3623.04	3644.04	2787.23	3.87	1.76	18.33	6.12	1302.48
32 Alcoholic Beverages(9)	2914.05	-0.2 2921.0	2931,18	2982_07	2626.91	4.56	1.64	16.71	27,39	1050.90
33 Food Producers(24)	2563.72	-1.4 2000.6				4.02	1.81	17.23	0.00	1197.04
34 Household Goods(15)	2662.37	-0.4 2573.70				3.64	2.15	15.98	0.30	999,86
36 Health Care(20)	1894.57	-0.2 1898.1				2.72	1.76	26.15		1138.35
37 Pharmaceuticals(13)	4956.36	-0.3 4970.4				3.31	1.70	22.20		1655.37
38 Tobscco(1)	4689.63	+0.2 4690.1	4688.63	4714.05	<u>3748.34</u>	<u>5.12</u>	1,94	12.60	0.00	1134.32
40 SERVICES(254)	2228.07	2228.30	2246,18	2254,18	1967.21	3.05	212	19.29	2.29	1143.35
41 Distributors(32)	2581.25	-0.4 2572.50	2591.40	2606,29	2496.95	3,74	1.78	18.78	0.00	932.17
42 Leisure & Hotels(24)	2708.10	+1.0 2683.48	2649.13	2647,12	2085.93	3.19	2.04	19.19	9,68	1396.30
43 Necla(46)	3514.14		3539,44			2.16	2.24	25.85		1259.16
44 Retailers, Food(15)	2013.35	+1.0 1993.3				3.63	2.40	14,35	0.00	1260.71
45 Retailers, General(43)	1884.53	-0.8 1899.8				3.15	2.27	17.49		1082.75
47 Brownies, Pubs & Rest (24)	2816.80	-0.3 2826.11				3.50	207	17.25		1343.39
48 Support Services(49)	1907.78	-0.1 1909.00				2.46	2.46	20.63		1202.46
49 Transport(21)	2187.98	+0.3 2175.9	2194,72	ZZU8.92 .	224E.08	3.97	1.39	22.62	0.00	896.04
60 UTILITES(34)	2418.52	-0.3 2425.27	2439.22	2432,26	2404,44	5.14	2.01	12.13	3.95	1013.45
62 Electricity(13)	2684.34	-0.3 2691.50	2716.41	2721.72	521.04	5,22	2.57	9.33		1265.26
64 Gas Distribution(2)	1718.56	-0.2 1722.13				6.97	1.04	17.24	0.00	862.22
66 Telecommunications(7)	1956.63	-0.1 1958.80				4.32	1.74	16.63	0.00	886.63
68 Water(12)	2054.38		2085.61	211471	1762_44	5,33	2.61	8.07	3.61	1115.04
69 NON-FENANCIALS(671)	1895.54	-0.4 1903.36	1918.28	1924,92	638.29	3.86	1.95	16.61	1.82	1415.97
70 FINANCIALSHOR)	2838.36	-0.7 2859.14				3.98	2.33	13.49		1198.84
71 Banks, Retail®)	3970.15	-0.7 3998.27				3.77	2.60	12.73		1 196.64 1272.67
72 Banks, Merchani(5)	3622.63	-0.3 3632 47				2.57	241	20.18		12/2.6/ 1135.66
73 Insurance(24)	1409.41	-0.7 1418.82				5.19	2.89	8.94		1092.96
74 Life Assurance(5)	3442.10	-1,1 3482.01				4.05	1.53	20.18		1402.32
77 Other Firmacial(23)	2385.60	-0.4 2394.40				3.74	1.87	. 17.90		1237.51
79 Property(41)	1462.23	-0.9 1475.37				4.25	1.32	22.23	1.66	887.66
	3038.18						_			
80 INVESTMENT TRUSTS(127)						2.19	1.05	54.37		1053.03
88 FT-88-A ALL-SHARE(906)	1791.49	-0.5 1799L91	1813.35	1621.21	508.95	3.62	200	16.37	1.45	1490.33
FT-SE-A Fledgling	1115.01	-0.2 1117,47	1118.27	1117.38	001.99	3.05	2.26	18.13	0.89	1153.16
FT-SE-A Fledging ex Inv Trusts	1114.50	-0.3 1117.60				3.35	247	15,13		1151.93
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E Hourly movements										
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	Opes	9.00	10.00	11.00	12.00	13,00	14.00	15.00	16.10	High/day	Low/day
T-SE 100	3549.D	3647.0	3659.0	3854.8	3846.6	3846.4	3652.9	3658.9	3651.3	· 3860.6 .	3545.3
T-SE Mid 250	4016.1	4017,9	4023.7	4023.1	4020.9	4019.5	4018.9	4019.8	4016.2	4023.8	4015.0
T-SE-A 350	1814.3	1813,8	1619.0	1817.2	1813.8	1813,7	18162	1818.6	1815.3	1819.5	16132
ime of FT-SE 100 D	e/s Ngc 9.5	lam Day's k	wr. 1.13pm.	FT-SE 100	1996 High:	3720.6 jpr	798) Law: 2	642 23 VI	18 4.	•	
FT-SE Ac	tueries	350 b	dustr	y bask	ets						
	Open	9.00 1	2.00 11	.00 12	00 13 .0	O 14.0	0 15.00	16.10	. Giose	Previous	Change

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 Additional information on the FT-SE Actuation, Share Indices is published in Saturday latters. Lists of constituents are anothable from The Ft Lantind, One Sectionals Bridge, London SE 19th. The FT-SE Actuation Share Indices Service, which covers a range of electronic and proproductive latting to Traine Indices, is accelerate from FRSTAT, Fictory House, 15-17 Epistory Street, London FRSTA OFL.

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+0.3 +0.2 **FUTURES AND OPTIONS** IN FT-SE 100 UNDEX FUTURES (LIFFE) \$25 per full index point. High Low Open Sett price Change 63454 1117 16133 3676.0 3667.0 -25.0 3688.0 3682.0 3669.0 -25.0 3662.0 IN FT-SE MED 250 INDEX PUTURES (LIFFE) 210 per full index point -20.0 4040.0 4040.0 4040.0 4030.0 III FT-SE 100 MIDEX OPTION (LIFFE) ("3851) £10 per full index point ■ EURO STYLE FT-SE 100 PROEX OPTION (LIFFE) \$10 per tull index point

TRADING VOLUME 11/20 18/20 18/20 18/20 18/20 11/20 2,000 2,000 1,000 3854.9 -0.5 3671.5 3700.3 3720.6 3033.2 3.93 2.06 15.42 2.43 1462.83

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Financial Times. World Business Newspaper.

NYSE COMPOSITE **PRICES** NASDAQ NATIONAL MARKET | Transport | Tran 4 pm clase January 11 1905/19 Mga Low Stack THE PERSON Print Hope Later Camp. Steek ABS tads 67 Sia Sia (1805 18ga) State of 1.20 12 45 45 4, 45 45 4 0.20 34 95 8 2 8 4 8 4 19 8 22 4 22 4 22 4 ā38 9 125 113₄ 16 175 204 19% 19% 0 202 1% 14 1& 12 102 27 21½ 21% Radiya Raymund Kelly Sr Kensool NJA kestr 10 125 25 274 +18
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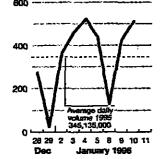
Bonds, hightech demand help spur Dow

Wall Street

Gains in the bond market and renewed interest in technology companies helped shares recover from two days of sharp losses in midday trading. writes Lisa Bransten in New

At Ipm the Dow Jones Industrial Average, which had fallen 164 points in the previous two sessions, was up 23.12 to 5.056.06. But the Staneasier at 600.49 and the American Stock Exchange composite lost 1.40 at 536.75. NYSE volume was heavy at 247m shares. The Nasdaq composite,

Daily (million)



which has a 40 per cent weighting in technology companies. gained 15.35 at 1,005.56, reversing some of the 42 points it had fallen on Tuesday and Wednesday. The Pacific Stock Exchange technology index jumped nearly 3 per cent in early trading.

Shares received some support from bonds, which fell earlier this week on fears that politicians in Washington would not strike a deal to bal-

Toronto turned back after a firm start, as investors took profits in sharply higher gold stocks, and by noon the TSE 300 composite index was 4.52 softer at 4,776.53 in heavy volume of 41.8m shares.

shares came in spite of two

demand, had fallen in Decem

ber to 1.09, down from 1.10 in

But semi-conductor compa-

nies were mostly stronger. Intel, which had fallen more

than \$3 since Monday, added

\$1% at \$56, Micron Technology

was \$1 stronger at \$37% and

Texas Instruments moved

ahead \$2% to \$47%.
Advanced Micro Devices

ained \$1 at \$18 after reporting

fourth-quarter earnings broadly in line with expecta-

J.P. Morgan, the only com-

mercial bank in the Dow.

added \$2% at \$76% after reporting fourth-quarter earnings of \$1.80 per share, 23 cents ahead of analysts' expectations

Canada

Barrick Gold receded C\$1% to C\$38%, Placer Dome C\$1 to C\$36, Echo Bay C\$% to C\$16 and Franco-Nevada C\$% to C\$81. Royal Oak Mines, how-ever, held steady at C\$6% after it said that it had identified a new gold resource at an At midday the benchmark Ontario property.

was up 901.23 or 2 per cent at

47,123. In the previous two ses-

sions the index had fallen by

2.5 per cent in local currency

terms, and analysts said there

was room for another wave of

beginning of the year.

and the US markets.

Mexico tracks US

Mexican equities tracked the performance of Wall Street and by midsession the IPC index was up 20.45 at 2,994.70, but down from an earlier high of

On Wednesday the market had resisted a sell-off within the region helped by a fall in domestic interest rates and the relative strength of the

Dealers said that the market's short term target

SAO PAULO recovered from Wednesday's drop and by early

afternoon the Bovespa index daily volume.

S African golds at year's high

Johannesburg's gold shares ment still lured by South shot up to a 12-month high on Africa's robust economic outthe back of a firmer bullion price, while industrials spent much of the session struggling to make up early losses.

The overall index rose 22.4 to a seventh consecutive record peak of 6.661.1, industrials lost 2.3 at 8,315.0 and golds surged 75.7 to 1,659.9. Cold mines in the Angio American stable led the mar-

ket, with Western Deep climbing R7 to R155 and Vaal Reefs R22.50 to R317.50.

Analysts said that industrial shares shrugged off the broad declines seen on international markets on Wednesday and

yesterday, with foreign invest-

than 50 per cent of the bourse's

South African Breweries, the leading industrial issue, edged 50 cents lower to R132.50, but Iscor, the steelmaker, added 12

cents at R3.68 Mining financials made good gains. Anglos advanced R1 to R252, Angiovaal N-shares rose R10 to R170 and JCI added R1.50 at R34.25.

Lonrho firmed 20 cents to R10.80 after the UK conglomerate announced a 44 per cent jump in pre-tax profits for the year to September 30, as well as confirming its plans to split into two separate stock exchange-listed companies.

Paris troubled as bourses recover early losses

Continental European markets recovered from opening losses and generally tracked the afternoon rise on Wall Street.
PARIS was a case in point,

but the market was troubled by further evidence that companies were having difficulty in meeting analysts' projections for 1995. Lyonnaise des Eaux and its subsidiary GTM-30-year Treasury had added about half a point to yield 6.152 Entrepose were/major casual-The rebound in technology ties on just such a story.

The parent, which fell

FFr14.40 to FFr467.90, said that pieces of bad news for the secit now expected lower 1995 tor. First, Fidelity Investments reported that its Magellan earnings than had previously Fund, the largest mutual fund in the US, had sharply lowered been forecast, and that they could be below the 1994 level. its technology holdings.
Then the Semi-conductor Analysts had been looking for 1995 net profits of some Industry Association reported FFr1.3bn, up from FFr1.06bn. that the ratio of orders GTM, which dived FFr30.20 received to orders shipped, a or 8.7 per cent to FFr318, expeckey measure of industry ted 1995 to be in line with the

> The CAC-40 index slipped 12.26 to 1,897.85, off a session's low of 1,891.05, in average turnover of FF13.4bn.

Cap Gemini Sogeti went with the market, down FFr1.30 to FFr192 30: but trading was in a holding pattern, said Mr Michael Diehl at Nomura in Paris, as the market awaited last night's news conference. There were reports that the

computer services company strengths, once again, were

Lyonnaise des Eaux Share price & index (rebased 120

Source: FT Exte

would announce a merger with its parent company Sogeti, and perhaps seek a capital increase. Mr Diehl said that the market would be looking to see that, if this were the case, sharebolders in Cap Gemini received equitable terms.

Eurotunnel fell back again. down 15 centimes to FFr6.35. as the French government gave indications that it might not support plans for a

FRANKFURT came off an early low of 2,316.12 to close with the Dax index 9.33 down at an Ibis-indicated 2,330.98. Its

mostly in cyclicals, although the blue chip leader Hoechst, up another DM5.50 at DM413. got there partly because of the reduced contribution that bulk chemicals are expected to make to its earnings in future. On Hoechst, Mr Hans-Peter Wodnick at Crédit Lyonnais in Frankfurt said that the appointment of Mr Jürgen Dorann as chairman last April had brought an emphasis on value for shareholders; and that restructuring, and the acquisition and integration of the Marion Merrell Dow drugs

upgrading. Turnover was virtually unchanged at DM9.4bn. Banks performed especially poorly, partly because of Wednesday's Merrill Lynch downgrades: Dresdner fell 65 pfg to DM37.64; but Commerzbank and Bayernhypo fell DM3.70 to DM342.40 and 31 pfg to DM36.49 respectively, linked with a Hamburg newspaper story which said that a north German property investor faced bankruptcy with

acquisition, remained the main

easons for the recent Hoechst

debts of up to DM1bn. Other weak points included the tyremaker Continental, down 50 pfg to DM21.45 on profit-taking after a two-day gain of DM1.23; investors had

FT-SE Actuaries Share Indices THE EUROPEAN SERIES 11.00 12.00 13.00 14,00 15.00 Close FT-SE Euroback 100 1503.26 1502.80 1503.29 1501.03 1502.88 1505.36 1506.90 1504.40 FT-SE Burelanck 200 1582.09 1581.54 1582.32 1581.77 1582.50 1685.41 1587.11 Jan 9 Jan 8 Jan 5 1522-41 1615-67 1518.00 1535.57 1614.56 1631.71 FT-SE Estotrack 200 1507.71; 200 - 1507.55 Los

seen good prospects for snow tyre sales after the early onset of extreme weather conditions this winter. However, they were less enthusiastic about the outlook for Douglas, the specialty retailer, and the shares dropped DM2.05 or 4.1 per cent to DM48.10.

MILAN, under a darkening cloud of uncertainty, awaited the response of the prime ster, Mr Lamberto Dini, to the two-day parliamentary debate which confirmed bitter divisions over the fate of the

after the market closed. Meanwhile the Camit index fell 1.37 to 586.05, while the real-time Mibtel index, which ranged between 9,273 and 9,399. reflecting the ups and downs of the day's debate, finished 26 aker at 9,336.

Ferruzzi fell L14 to L1.023

amid expectations that holders of Ferruzzi rights may fight Mediobanca's decision to

exclude them from the bank's

bid for 9.9 per cent of Ferruzzi.

A L20 rise to L1.190 in the recently volatile Olivetti was attributed to short covering. ZURICH remained at the mercy of profit-takers during a volatile day's trade which saw the SMI index fall to a low of 3,261.8, before pulling back to close 30.7 down at 3.284.1. Some of last year's blue chip

outperformers remained under pressure. Swiss Re gave up Mr Dini's resignation came another SFr11 to SFr1,269 and Roche certificates fell SF175 to SFr9 040. Surveillance was among the day's biggest losers. falling SFr80 to SFr2,340. Second liners finding favour at the expense of the blue chips included Ascom, which

picked up SFr35 to SFr1,240 and Motor-Columbus, which put on SFr35 to SFr2,215 on further market speculation that UBSwas planning to sell

its majority stake. AMSTERDAM recovered most of its earlier loss by the close in a highly charged session. The AEX index fell 0.43 to 498.78, after an initial drop to

One of the heaviest fallers was Royal Dutch which lost F16.50 or 2.9 per cent to Fl 221.80, after a UK broker reiterated a sell recommendation. A similar story was said to have undermined Unilever, off Fl 3.50 at Fl 228.00.

However, there were recoveries in some of the issues which had come under pressure on Wednesday, notably Philips which improved Fl2 to Fl 62.70, and was helped by reports of a broker's upgrade.

Nordic bourses offered recoveries in Ericsson B, up SKr4.50 at SKr124 on technical, fundamental and takeover rumour grounds; in Nokia A, FM7.10 better at FM153.10 and in Tele Danmark, DKr7 better at DKr303 in big volume as COPENHAGEN'S KFX index rose 0.80 to 109.26.

Written and edited by William ne, Michael Morgan and

Weak technology sector leaves Nikkei 1.1% lower

Tokyo

The overnight plunge on Wall Street weighed on high-technology and financial stocks and the Nikkei average closed 1.1 per cent down, writes The 225-share index was off

234.40 at 20.377.92 after moving between 20,260.41 and 20,547.64. The appointment of Mr Ryutaro Hashimoto as Japanese prime minister failed to affect trading.

Volume totalled 476m shares, against 670.7m. Overseas investors, who had been leading buyers of Japanese shares, sold high-technology issues. However, individual investors and brokerage dealers

emained active in the trading of speculative stocks. The Topix index of all first section stocks fell 17.47 to 1.599.98 and the Nikkei 300 shed 3.65 to 299.72. Declines overwhelmed rises by 823 to

profit-taking due to cumulative 269, with 123 issues unchanged. gains of 7.5 per cent since the The ISE/Nikkei 50 index closed 0.33 higher at 1.408.86. Analysts noted that last Semiconductor shares fared poorly, as did their counterparts in New York, hit by the on the New York Stock Exchange had intensified the sharp drop in the book-to-bill ratio for December, which indilinks between the Brazilian cated the supply and demand Telebras accounts for more balance for the US semiconduc-

tor market. Toshiba, the most active issue of the day, dropped Y11 to Y837, Fujitsu declined Y30 to Y1,150 and Advantest slid Y50

to Y5.140. Other high-technology stocks were also weaker, with Sony down Y140 to Y6,540 and Kyocera, the maker of ceramic packages for semiconductor

chips, Y220 lower at Y7,350. The rise in gold prices on oversess markets boosted mining issues. Sumitomo Metal Mining rose Y30 to Y1,040 and Mitsui Mining and Smelting Y10 to Y447 as gold futures rose to \$400 per troy cunce in New York. Kanematsu, a trading company, rose Y21 to Y508 on reports of a successful test drilling of natural gas in

Speculative stocks gained ground on active buying. JDC, a mid-sized general contractor. rose Y70 to Y590 and Kurabo

Indonesia

industries, the synthetic fibre maker, put on Y36 at Y480. In Osaka, the OSE average fell 185.53 to 21,973.35 in volume of 138.1m shares. Profittaking drove Kanematsu Nis-

san Norin, a former plywood maker that now manufactures construction equipment, down Y560 to Y3,230. The stock is believed to have been targeted by speculators.

Roundup

Sharp early losses were erased in HONG KONG and the market closed 1.2 per cent higher. Foreign funds reappeared as hargain hunters after Wall Street's overnight plunge prompted a reassessment of Asian markets.

The Hang Seng index was up 125.19 to 10,429.82, off an early low of 10,196.00. But turnover shrank to HK\$5bn from

Wednesday's HK\$9.3bn. Hutchison was actively traded, bouncing HK\$1 to HK\$49.70 from an early low of HK\$48.

Hopewell and its Cepa unit also climbed sharply after talk denied and on fresh rumours that the parent group was considering a spin-off of its China and Thai infrastructure projects instead.

Hopewell increased by 25 cents to HK\$1.775 and Cepa by 55 cents to HK\$13.45 after

SYDNEY rose nearly 30 points from the market's intraday low, after the release of unexpectedly strong December jobs data and on heavy buying

of mining stocks.
The All Ordinaries index closed 10.5 better at 2,248.70, off a high of 2,249.60 and low of 2.220.1, Turnover was A\$793.9m. with 329.5m shares changing hands. The number of new jobs in December rose by 4,900, which contrasted with fore casts of a decline of between

35,000 to 50,000. Plutonic led miners, rising 57 cents to A\$7.45, followed by Newcrest Mining, up 38 cents at A\$6.62. The All Mining index moved up 18.50 to 1,032.80.

Western Mining went in the opposite direction on brokers' downgrades of earnings fore-

SINGAPORE rebounded from morning weakness as London and European funds

bought blue chips.
The Straits Times Industrial index picked up 7.38 points to

Bonvests Holdings, the property company, appreciated 3 cents to S\$1.61 in further active trade. The company has yet to answer a query from the exchange on sharp increases in share price and volume. SPP, the construction com-

pany, rose 7 cents to S\$1.09 on red takeover rumours. MANILA recovered from a weak opening to close slightly firmer on selective buying, and bringing a four-day losing

streak to an end. The composite index fell 19.5 points initially before closing 6.25 higher at 2,664.73.

Volume was moderate, with 3.5bn shares worth 2bn pesos changing hands. Mining issues led the recov-

ery as investors bought gold producers following the increase in the price of bullion on the world market. WELLINGTON's forestry

stocks came under persistent selling pressure again. The NZSE-40 capital index ended off 21.45 at 2,129.90 after Carter Holt Harvey shed 7 cents to NZ\$3.07 and Fletcher Challenge fell 2 cents to NZ\$3.44. Dealers said that both were

being sold on fears that the pulp and paper cycle had peaked. Since January 3 Fletcher has lost 6 per cent and CHH 10 per cent.

JARARTA staged a modest

rebound due to active late buying, as investors hunted for bargains after recent falls. The

composite index rose 5.14 or 1 per cent to 533.78. Kabelmetal Indonesia made a strong rebound after recent falls as it

added Rp125 at Rp2,225. BANGKOK recovered late to close higher in moderate trade after foreign investors reentered the market and bought large-capitalisation banking

and finance issues. The SET index ended 17.32 higher at 1,369.68 in turnover of Bt10.6bn. Thai Military Bank topped the active stocks list, rising Bt5 to Bt101.

KUALA LUMPUR's specula tive issues were again heavily traded after a slow start but the composite index finished 5.98 weaker at 1,046.79 as institutional investors locked in profits on a handful of heavy-

Malaysia Airlines lost 15 cents to M\$8.00, partly on worries of a cash call to pay for its M\$10bn aircraft acquisition programme.

SEOUL closed slightly lower after fluctuating widely on profit-taking following the market's rises in recent days. Analysts noted that the consolidation began when the com-posite index hit a high of 894.49. By the close, the index

was 1.81 lower at 883.96. Banks and some contractors maintained their strength but telecommunications-linked stocks, which performed well until this morning, ran into

profit-taking.
COLOMBO finished slightly higher, with the all-share index rising 1.68 to 664.28. Turnover was SLRs25.6m, after Wednes

day's SLRs51.9m. Commercial Bank led the actives and moved forward SLRs4.50 to SLRs210.

PAN - HOLDING

Société Anonyme - Luxembourg

Registered Office: Luxembourg, 7, Place du Théâtre, R.C. Luxembourg: B 7023 NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the

EXTRAORDINARY GENERAL MEETING

which will be held at the registered office of the Company, 7, Place du Théâtre, Luxembourg, at 3.00 o'clock p.m., on February 2, 1996, with the following agenda: 1. To provide for the representation of the Company's capital by two classes of Shares, namely Dividend Shares and Capital

Shares. To provide that any dividend paid by the Company shall be made only on the Dividend Shares, that the Capital Shares do not entitle the holder thereof to receive dividends and that whenever a dividend is declared on the Dividend Shares, the corresponding amount shall be attributable to the Capital Shares.

2. To amend articles 5, 6, 7, 8, 30, 31, 35, 37, 42 and 43 of the Company's articles of incorporation in order to give effect to the existence of the two classes of Shares with their respective rights and privileges.

To provide that the Shares issued and outstanding on the date of the extraordinary shareholders' meeting shall be classified as Dividend Shares. To provide that the holders of such Shares shall have the right to choose to hold their Shares in the Company as Capital Shares and to provide that to that effect the shareholders will have to notify the Company of their choice by the date and in the manner to be specified by the Board of Directors. To further provide that the shareholders who will not

have so notified the Company shall for all purposes be treated as holders of Dividend Shares. 4. To grant to the Board of Directors full power and authority for the purpose of implementing the resolutions to be adopted

pursuant to items 1, 2 and 3 of this agenda.

To transact any other business. The resolutions on items 1, 2 and 3 on the Agenda may be passed with a minimum quorum of 50 per cent of the outstanding shares by a two thirds majority of the votes of all the Shares present or represented, whereas for the resolutions on the other

items on the Agenda a simple majority of such votes is sufficient. Shareholders are advised that, from January 17, 1996 onwards, the full text of the amendments to be made to the Articles as specified in item 2 on the Agenda and the Directors' report are available for inspection at the Registered Office of the Company

and at the address of its Paying Agents. These documents are available upon application to the Registered Office of the Company.

The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the Company, P.O. Box 408, L-2014 Luxembourg, so as to reach them not later than January 27, 1996.

The owners of registered shares need not deposit their share certificates. However, if they intend to participate in the meeting, they should inform the Company in writing prior to the same date as mentioned above.

Shareholders who cannot attend the meeting in person are invited to send the duly completed and signed proxy form to Pan-Holding S.A., P.O. Box 408, L-2014 Luxembourg, so as to reach them not later than January 27, 1996.

THE BOARD OF DIRECTORS

Securities and Bearer Securities Carlton Communications Pic ("Carlton") published its annual results for the year ended 30th September 1995 on 11th January 1996. Copies of the annual report and accounts are available to holders of Carlton's Exchangeable Capital Securities ("Ex-Caps") and to holders in bearer form of Carlton's 71/2 Convertible Subordinated Bonds due 2007 ("Bonds") from Carlton's registered office at 15 St George Street, Hanover Square, London W1R 0LU and from Morgan Guaranty Trust Company of New York (Global Trust and Agency Services Department) 60 Victoria Embankment, London EC4Y OJP for and on behalf of the trustee of the Ex-

Carlton Communications Pic

Exchangeable Capital

Caps and of the Bonds. Holders of Bonds should note that at the Company's Annual General Meeting to be held on 20th February 1996 the approval of Ordinary shareholders will be sought for a proposed 3 for 2 capitalisation issue in respect of the Ordinary shares. Subject to this approval being obtained, the original conversion price for the Bonds of 696p will be adjusted in accordance with the Trust Deed constituting the Bonds and a new conversion price of 278p will apply thereafter.

Standard & Chartered

Standard Chartered PLC US\$400,000,000 Undated Primary Capital Floating Rate Notes

in accordance with the provisions of the Notes. notice is hereby given that for the Interest Determination period from 12th January 1996 to 12th July 1996 the Notes will carry interest at the

rate of 5.5625 per cent per annum. interest accrued to 12th July 1996 and payable on 12th July 1996 will amount to US\$281.22 per US\$10,000 Note and US\$2,812.15 per US\$100,000 Note.

> West Merchant Bank Limited Agent Bank

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3.89 1.52 3.34 1.69 2.51 1.46 3.09 1.90 1.63 1.46 4.48 2.06 1.57 4.01 1.57 2.33 4.01 2.32 162.55 140.92 Malaysia (108)...... Menco (18)...... 1028.59 215.97 71.20 208.48 358.19 317.81 126.14 257.29 77.02 226.86 402.70 399.08 160.17 297.32 225.73 171.94 2192.43 Norway (33) Singapore (44) ... South Alrica (45) .415.91 231.70 301.82 175.91 169.47 134.00 175.54 170.84 219.23 Thadend (46) . _179.20 United Kingdom (206)228.48 .243.34 181.96 243.34 284.76 231.98 164.77 165.97 247.78 233.50 188.81 189.92 282.93 194.72 134.99 152.31 172.78 204.32 167.26 167.93 277.97 268.63 184.84 203.56 235.75 295.02 222.22 229.56 182.15 160.62 111.25 125.64 114.72 171.87 145.97 159.46 182.15 174.72 121.13 136.57 136.52 183.33 154.73 152.90 241.80 231.94 190.79 131.42 241.14 245.53 185.03 185.03 185.14 183.51 176.02 122.03 137.63 146.03 184.51 149.99 150.32 275.04 263.83 182.90 206.36 242.76 276.80 211.19 224.70 189.53 176.05 122.05 137.70 140.85 184.71 155.42 163.30 200.19 192.03 133.12 150.21 166.81 202.03 183.46 166.48 229.36 200.01 192.03 132.52 172.09 244.81 232.30 183.60 182.02 186.40

150.91

191.56

204.77

231

40

110.80

124.90

114.19

125.98

127.93

157.57

177.63

238.91

-0.5

175.29

121.18

138.61

144

175.39

121.25

180.18

131.48

217.37

150.** -1.7 -0.6 -1.9 -0.5 -0.8 -1.8 -0.7 -0.5 -1.1 2.32 3.06 1.90 1.16 2.05 2.33 2.41 3.06 2.08 1.97 2.65 ...222.53 Amencas (781) ... Pacific Basin (834) Euro-Paofilo (1567)... North America (735)... Europe Ex. UK (527) . Pacific Ex. Japan (352)182.69

The World Index (2393) _____200.87 -1.0 192.74 133.25 150.20 169.79 -1.1 2.18 202.85 194.58 134.69 152.20 171.65 204.65 165.92 170.72